

**CHERRY VALLEY-SPRINGFIELD CENTRAL
SCHOOL DISTRICT**

**Financial Statements as of and For the Year Ended
June 30, 2021
Together with Independent Auditor's Report and Reports
Required by the Uniform Guidance and *Government*
*Auditing Standards***

Bonadio & Co., LLP
Certified Public Accountants

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 15, 2021

To the Board of Education
Cherry Valley-Springfield Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cherry Valley-Springfield Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 District as of June 30, 2021, and the respective change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the year ended June 30, 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters***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 Change 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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Balance Sheet and Combining Statement of Revenue, Expenditures, and Change in Fund Balances; the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund; Schedule of Project Expenditures - Capital Projects Fund; and the Schedule of Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Combining Balance Sheet - Nonmajor Governmental Funds and Combining Statement of Revenue, Expenditures, and Change in Fund Balances - Nonmajor Governmental Funds and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet - Nonmajor Governmental Funds and Combining Statement of Revenues, Expenditures, and Change in Fund Balances - Nonmajor Governmental Funds 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.

The Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund; Schedule of Project Expenditures - Capital Projects Fund; and the Schedule of Net Investment in Capital Assets have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

The following is a discussion and analysis of the Cherry Valley-Springfield Central School District's (the District) financial performance for the fiscal year ended June 30, 2021. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021 and 2020 total liabilities and deferred inflows of resources (what the District owes) exceeded its total assets and deferred outflows of resources (what the District owns) by \$(29,989,167) and \$(26,909,402) (net position), respectively, a decrease of \$3,389,238 from 2020 to 2021. Additionally, there was a prior period adjustment relating to the implementation of GASB 84 as discussed in footnote 16, of \$309,473, which increased net position in the current year.
- Capital assets, net of accumulated depreciation during 2020-2021 amounted to approximately \$17.8 million, which is a net decrease of approximately \$400,000 from the prior year.
- General revenue, which includes State aid, and property taxes, accounted for \$13,292,648 of all revenue. Program specific revenue in the form of Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions accounted for \$1,022,161 of total revenue.
- Total expenses for the government-wide financial statements totaled \$17,704,047 and \$15,299,480 for 2021 and 2020.
- As of the close of the fiscal year, The District's governmental funds reported combined fund balances of \$5,882,251 and \$3,037,314 in 2021 and 2020, respectively, an increase of \$2,535,464 from 2020 to 2021. Additionally, there was a prior period adjustment relating to the implementation of GASB 84 as discussed in footnote 16, of \$309,473, which increased net position in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

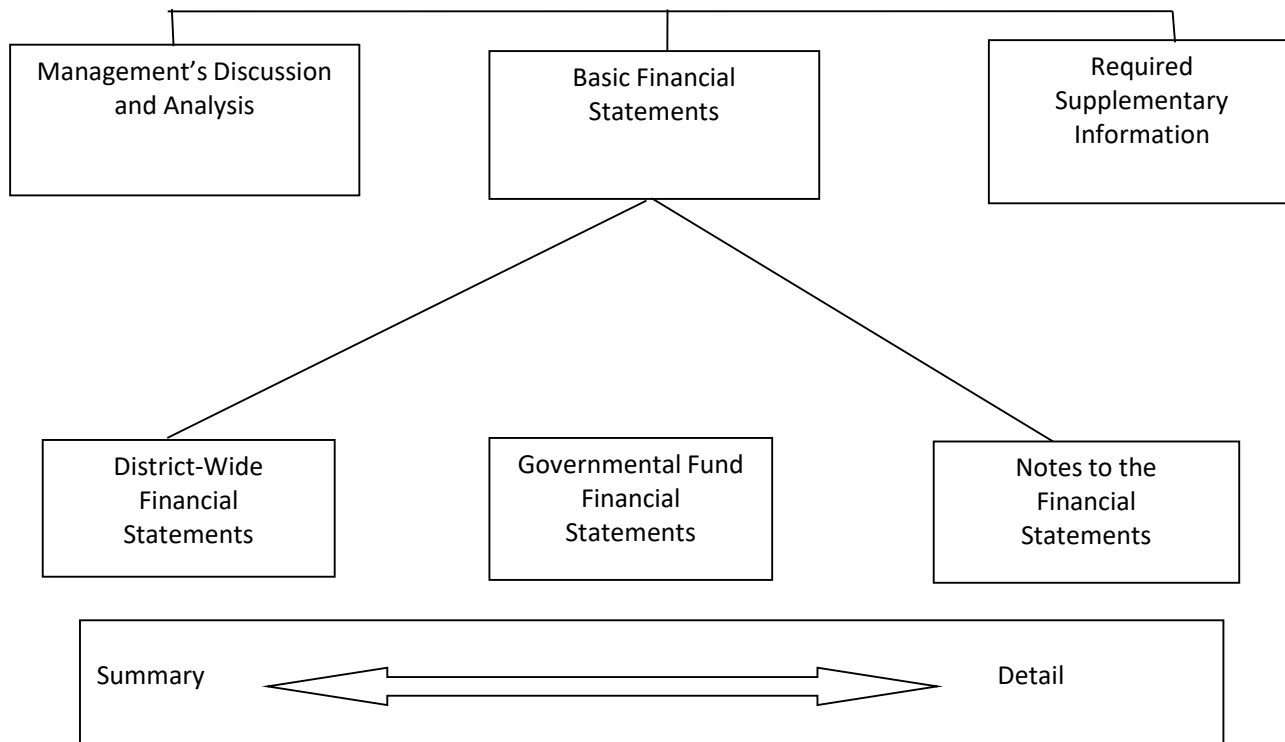
- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.
- The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

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 to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

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



CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Table A-2 summarizes the major features of the District's financial statements, including the portion of the 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.

Table A-2 Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	Statement of net position Statement of activities	Balance sheet Statement of revenue, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Deferred Inflows-Outflows of Resources/ Liability Information	All assets/deferred outflows and liabilities/deferred inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can
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	All additions and deductions during the year, regardless of when cash is received or paid

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

District-Wide Statements

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

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

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

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when 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.

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 expenditures 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 includes resources with 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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Fund Financial Statements

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

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explain 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 and the Capital Projects Fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Financial Analysis of the District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities (in thousands)

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Current assets	\$ 6,947	\$ 5,831	19.1%
Non-current assets	17,794	18,747	-5.1%
Total assets	<u>24,741</u>	<u>24,578</u>	0.7%
Deferred outflows of resources	<u>13,905</u>	<u>15,706</u>	-11.5%
Current liabilities	1,065	2,793	-61.9%
Long-term liabilities	<u>63,856</u>	<u>60,527</u>	5.5%
Total liabilities	<u>64,921</u>	<u>63,320</u>	2.5%
Deferred inflows of resources	<u>3,716</u>	<u>3,872</u>	-4.0%
Net position:			
Net investment in capital assets	11,449	11,233	1.9%
Restricted	3,938	3,451	14.1%
Unrestricted	<u>(45,376)</u>	<u>(41,593)</u>	9.1%
Total net position	<u>\$ (29,989)</u>	<u>\$ (26,909)</u>	11.4%

At June 30, 2021 total assets were \$163 thousand greater than at June 30, 2020. Non-current assets decreased approximately \$953 thousand, due to capital assets activity.

Deferred outflows/inflows account for the GASB No. 68, recording of pensions, and GASB No. 75, OPEB.

Total liabilities increased by approximately \$1,601 thousand due primarily to the increase in Other Postemployment Benefits liability.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Table A-4 Changes in Net Position from Operating Results - Governmental Activities (in thousands)

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Revenue:			
Charges for services	\$ 63	\$ 84	-25.1%
Operating grants	794	694	14.4%
Capital grants and contributions	165	424	-61.0%
General revenue:			
Real property taxes	5,639	5,336	5.7%
Federal sources	190	-	100.0%
State sources	7,173	7,401	-3.1%
Use of money and property	8	33	-77.2%
Sale of property and compensation for loss	3	6	-38.6%
Other	280	309	-9.4%
Total revenue	<u>14,315</u>	<u>14,287</u>	0.2%
Expenses:			
General governmental support	3,051	1,966	55.2%
Instruction	12,573	11,479	9.5%
Pupil transportation	1,528	1,303	17.3%
Interest	188	221	-15.1%
Community Service	2	2	0.0%
School lunch program	362	329	10.0%
Total expenses	<u>17,704</u>	<u>15,300</u>	15.7%
Increase (decrease) in net position	<u>\$ (3,389)</u>	<u>\$ (1,013)</u>	234.7%

Changes in Net Position

The District's total fiscal year 2021 revenues totaled \$14,314,809 (See Table A-4). Property taxes (including other tax items) and state sources formula aid accounted for most of the District's revenue. (See Table A-5). The remainder came from fees charged for services, operating grants, capital grants and contributions, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$17,704,047. These expenses are predominately related to general instruction, which account for approximately 71% of District expenses. (See Table A-6). The District's general support activities accounted for 17% of total costs.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

Table A-5 Sources of Revenue for Fiscal Year 2021

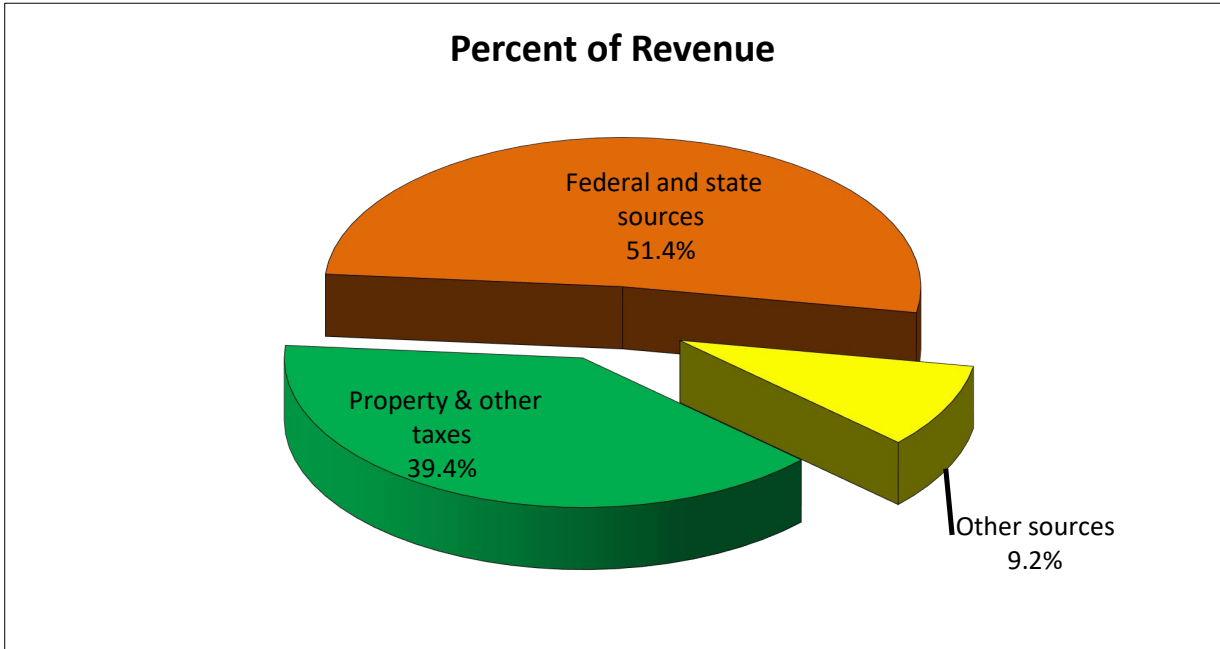
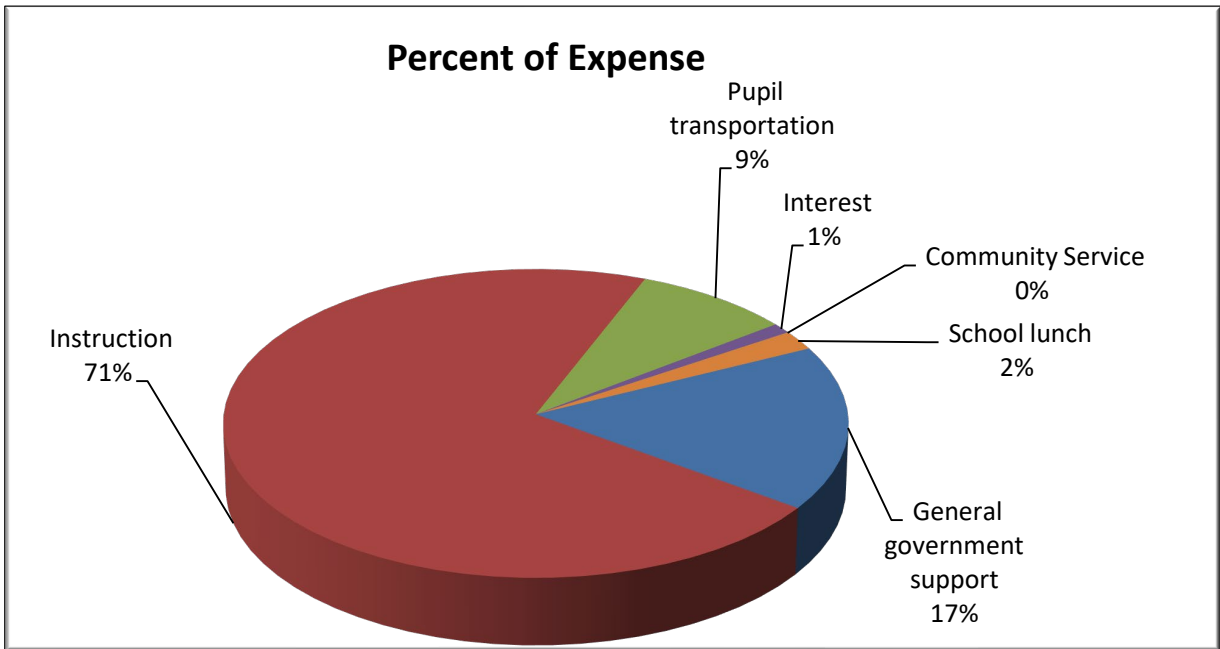


Table A-6 Expenses for Fiscal Year 2021



CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Financial Analysis of the District's Funds

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

At June 30, 2021, the District, in its governmental funds, reported combined fund balances of \$5.8 million, an increase of \$2.8 million over the prior year. The District's governmental funds, except for the capital projects fund, operated at a surplus in 2020-2021.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

Table A-7 Results vs. Budget (in thousands)

	Original Budget	Final Budget	Actual	Encumbrances	Variance Positive/ (Negative)
Revenue:					
Local sources	\$ 5,580	\$ 5,579	\$ 5,648	\$ -	\$ 69
Federal sources	-	-	190	-	190
State sources	7,256	7,256	7,173	-	(83)
Total	<u>12,836</u>	<u>12,835</u>	<u>13,011</u>	<u>-</u>	<u>176</u>
Expenditures:					
General support	1,554	1,570	1,442	43	86
Instruction	5,880	5,887	5,432	105	350
Employee benefits	4,040	4,040	3,781	0	260
Transportation	701	701	622	9	70
Other	2	2	2	-	-
Total	<u>12,177</u>	<u>12,200</u>	<u>11,278</u>	<u>157</u>	<u>766</u>
Revenue over (under) expense	<u>658</u>	<u>635</u>	<u>1,733</u>	<u>(157)</u>	<u>942</u>
Other financing sources (uses)	<u>(1,248)</u>	<u>(1,248)</u>	<u>(1,247)</u>	<u>-</u>	<u>(1)</u>
Net change in fund balance	<u>\$ (590)</u>	<u>\$ (613)</u>	<u>\$ 486</u>	<u>\$ (157)</u>	<u>\$ 941</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

The following significant variances between budget and actual occurred during fiscal 2021:

- Instruction expenditures were approximately \$350 thousand less than budget.
- Employee benefits were approximately \$260 thousand less than budgeted.

Capital Assets

As of June 30, 2021, the District had an investment of \$31.75 million in a broad range of capital assets including land, buildings, buses, athletics facilities, computers and other educational equipment.

Table A-8 Capital Assets (net of depreciation)

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Category:			
Land	\$ 150,000	\$ 150,000	0.0%
Construction in progress	2,348,114	2,203,421	6.6%
Buildings and improvements	14,525,491	15,161,824	-4.2%
Machinery, equipment and vehicles	<u>770,873</u>	<u>655,848</u>	17.5%
Total	<u>\$ 17,794,478</u>	<u>\$ 18,171,093</u>	-2.1%

Long-Term Debt

At year-end, the District had \$5.9 million in general obligation bonds outstanding and \$57.9 million in other long term liabilities. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Debt

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Category:			
General obligation bonds	\$ 5,930,492	\$ 4,874,100	21.7%
Net pension liability	576,592	1,025,953	-43.8%
Compensated absences	244,853	221,960	10.3%
Other postemployment benefit obligation	<u>57,103,794</u>	<u>54,405,249</u>	5.0%
	<u>\$ 63,855,731</u>	<u>\$ 60,527,262</u>	5.5%

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The financial outlook for Cherry Valley-Springfield Central School continues to be stable. The COVID-19 is still the primary concern for the district and creates the most uncertainty daily. In the long term, state and federal funding will be predominating factors that drive budget decisions for the next few years. The district is working diligently to prepare and maintain long term planning so we are able to withstand any aid impacts in the future.

The district is focused on managing costs, promoting student learning, and supporting the social and emotional wellbeing of our students and staff. We are taking into account the impact of COVID-19 on our families and we are working to minimizing the long term effects on our community.

Cherry Valley-Springfield Central School is focused on Long Term planning and utilizing our resources to make informed decisions in determining the most effective and cost efficient way to educate our students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Cherry Valley-Springfield Central School District, 597 Co. Highway 54, Cherry Valley, New York 13320.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT**Statement of Net Position
June 30, 2021****ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,958,781
Cash and cash equivalents - restricted	4,501,318
Investments - restricted	3,605
Accounts receivable	39,352
Due from Federal and State governments	436,641
Prepaid expenses	780
Inventory	6,628
Total current assets	<u>6,947,105</u>

NON-CURRENT ASSETS:

Capital assets, net	<u>17,794,478</u>
Total noncurrent assets	<u>17,794,478</u>
Total assets	<u>24,741,583</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	2,098,329
Pension related - ERS	924,483
OPEB related	10,663,152
Amounts deferred in refunding	219,441
Total deferred outflows of resources	<u>13,905,405</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	2,747
Unearned revenue	6,555
Bond anticipation note payable	634,754
Due to Teachers' Retirement System	371,021
Due to Employees' Retirement System	49,777
Total current liabilities	<u>1,064,854</u>

LONG-TERM LIABILITIES:

Due and payable within one year - Bonds payable	<u>770,000</u>
Due and payable after one year - Net pension liability - ERS	4,169
Net pension liability - TRS	572,423
Total other postemployment benefits	57,103,794
Compensated absences	244,853
Bonds payable, net of current portion	5,160,492
Total long-term liabilities due and payable after one year	<u>63,085,731</u>
Total long-term liabilities	<u>63,855,731</u>
Total liabilities	<u>64,920,585</u>

DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	353,280
Pension related - ERS	1,232,892
OPEB related	2,129,398
Total deferred inflows of resources	<u>3,715,570</u>

NET POSITION

Net investment in capital assets	11,448,673
Restricted	3,937,803
Unrestricted	(45,375,643)
Total net position	<u>\$ (29,989,167)</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS:					
General governmental support	\$ 3,050,781	\$ -	\$ -	\$ -	\$ (3,050,781)
Instruction	12,573,568	52,837	522,172	-	(11,998,559)
Pupil transportation	1,528,014	-	-	165,487	(1,362,527)
Community service	1,500	-	-	-	(1,500)
Interest	188,504	-	-	-	(188,504)
School lunch program	361,680	9,851	271,814	-	(80,015)
	<u>\$ 17,704,047</u>	<u>\$ 62,688</u>	<u>\$ 793,986</u>	<u>\$ 165,487</u>	<u>(16,681,886)</u>
GENERAL REVENUE:					
Real property taxes					5,639,367
Use of money and property					7,560
Sale of property and compensation for loss					3,402
Miscellaneous					279,535
Federal sources					189,702
State sources					<u>7,173,082</u>
Total general revenue					<u>13,292,648</u>
CHANGE IN NET POSITION					<u>(3,389,238)</u>
NET POSITION - beginning of year, as previously reported					(26,909,402)
PRIOR PERIOD ADJUSTMENT (See Note 16)					<u>309,473</u>
NET POSITION - beginning of year, as restated					<u>(26,599,929)</u>
NET POSITION - end of year					<u>\$ (29,989,167)</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds
June 30, 2021**

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,805,736	\$ -	\$ 121,091	\$ 31,954	\$ 1,958,781
Cash and cash equivalents - restricted	2,921,012	435,110	-	1,145,196	4,501,318
Investments - restricted	-	-	-	3,605	3,605
Accounts receivable	39,352	-	-	-	39,352
Due from other funds	393,120	-	-	27,752	420,872
Due from Federal and State governments	-	115,898	299,767	20,976	436,641
Prepaid expenditures	780	-	-	-	780
Inventory	-	-	-	6,628	6,628
Total assets	<u>\$ 5,160,000</u>	<u>\$ 551,008</u>	<u>\$ 420,858</u>	<u>\$ 1,236,111</u>	<u>\$ 7,367,977</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	2,747	-	-	-	2,747
Unearned revenue	6,555	-	-	-	6,555
Due to other funds	-	14	420,858	-	420,872
Due to Teachers' Retirement System	371,021	-	-	-	371,021
Due to Employees' Retirement System	49,777	-	-	-	49,777
Bond anticipation note payable	-	634,754	-	-	634,754
Total liabilities	<u>430,100</u>	<u>634,768</u>	<u>420,858</u>	<u>-</u>	<u>1,485,726</u>
FUND BALANCES:					
Nonspendable - Inventory	780	-	-	6,628	7,408
Restricted for -					
Vehicle and equipment capital reserve	1,757,495	-	-	-	1,757,495
Retirement contribution reserve	859,992	-	-	-	859,992
Employee benefit accrued liability reserve	347,148	-	-	-	347,148
Unemployment insurance reserve	272,598	-	-	-	272,598
Repair reserve	161,539	-	-	-	161,539
Debt service reserve	-	-	-	539,031	539,031
Other	-	-	-	609,784	609,784
Capital Projects	-	435,110	-	-	435,110
Assigned to -					
Other	-	-	-	80,668	80,668
Encumbrances	157,355	-	-	-	157,355
Appropriated for subsequent year's expenditures	640,000	-	-	-	640,000
Unassigned	<u>532,993</u>	<u>(518,870)</u>	<u>-</u>	<u>-</u>	<u>14,123</u>
Total fund balances	<u>4,729,900</u>	<u>(83,760)</u>	<u>-</u>	<u>1,236,111</u>	<u>5,882,251</u>
Total liabilities and fund balances	<u>\$ 5,160,000</u>	<u>\$ 551,008</u>	<u>\$ 420,858</u>	<u>\$ 1,236,111</u>	<u>\$ 7,367,977</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds and Statement of Net Position June 30, 2021

Amounts reported for governmental activities in the statement of net position are different from amounts reported in the balance sheet - governmental funds because:

Fund balance - total governmental funds	\$	5,882,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		17,794,478
Deferred outflows/inflows of resources related to debt, pensions and OPEB are applicable to future periods and; therefore, are not reported in the funds		
Deferred outflows - OPEB		10,663,152
Deferred inflows - OPEB		(2,129,398)
Deferred outflows - ERS/TRS		3,022,812
Deferred inflows - ERS/TRS		(1,586,172)
Deferred outflows - Refunding		219,441
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds		
Net pension liability - TRS		(572,423)
Net pension liability - ERS		(4,169)
Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported in the funds		
Bonds payable, net of premium		(5,930,492)
Total other postemployment benefits		(57,103,794)
Compensated absences		<u>(244,853)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(29,989,167)</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Statement of Revenue, Expenditures, and Change in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021**

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE:					
Real property taxes	\$ 5,326,829	\$ -	\$ -	\$ -	\$ 5,326,829
Charges for services	52,837	-	-	-	52,837
Use of money and property	6,634	-	-	1,411	8,045
Sale of property and compensation for loss	3,402	-	-	-	3,402
Miscellaneous	258,701	-	-	332,887	591,588
State sources	7,173,082	165,487	166,975	6,880	7,512,424
Federal sources	189,702	-	355,197	264,934	809,833
Sales	-	-	-	9,851	9,851
Total revenue	<u>13,011,187</u>	<u>165,487</u>	<u>522,172</u>	<u>615,963</u>	<u>14,314,809</u>
EXPENDITURES:					
General support	1,441,855	87,587	-	-	1,529,442
Instruction	5,431,728	-	492,480	-	5,924,208
Pupil transportation	621,895	-	6,997	-	628,892
Employee benefits	3,780,528	-	-	72,640	3,853,168
Community service	1,500	-	-	33,061	34,561
Cost of sales	-	-	-	195,417	195,417
Capital outlays	-	525,433	-	-	525,433
Debt service -					
Principal	-	-	-	902,641	902,641
Interest	-	-	-	240,812	240,812
Total expenditures	<u>11,277,506</u>	<u>613,020</u>	<u>499,477</u>	<u>1,444,571</u>	<u>13,834,574</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>1,733,681</u>	<u>(447,533)</u>	<u>22,695</u>	<u>(828,608)</u>	<u>480,235</u>
OTHER FINANCING SOURCES (USES):					
Premium on obligations	-	327,588	-	-	327,588
Proceeds from issuance of debt	-	1,490,000	-	-	1,490,000
BAN's redeemed from appropriations	-	237,641	-	-	237,641
Transfers in	-	80,000	-	1,167,253	1,247,253
Transfers (out)	(1,247,253)	-	-	-	(1,247,253)
Total other financing sources (uses)	<u>(1,247,253)</u>	<u>2,135,229</u>	<u>-</u>	<u>1,167,253</u>	<u>2,055,229</u>
CHANGE IN FUND BALANCES	<u>486,428</u>	<u>1,687,696</u>	<u>22,695</u>	<u>338,645</u>	<u>2,535,464</u>
FUND BALANCE - beginning of year, as previously reported	4,243,472	(1,771,456)	(22,695)	587,993	3,037,314
RESTATEMENT (Note 16)	-	-	-	309,473	309,473
FUND BALANCES - beginning of year, as restated	<u>4,243,472</u>	<u>(1,771,456)</u>	<u>(22,695)</u>	<u>897,466</u>	<u>3,346,787</u>
FUND BALANCES - end of year	<u>\$ 4,729,900</u>	<u>\$ (83,760)</u>	<u>\$ -</u>	<u>\$ 1,236,111</u>	<u>\$ 5,882,251</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balance - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the Statement of Net Activities are different from amounts reported in the Statement of Revenue, Expenditures, and Change In Fund Balances - Governmental Funds because:

Net changes in fund balance - total governmental funds	\$ 2,535,464
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	525,433
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(902,048)
Bond proceeds are recorded as an other financing source in the governmental funds but are recorded as an increase in long-term debt in the statement of net position.	(1,490,000)
Bond premiums are recorded as an other financing source in the governmental funds but are recorded as an increase in long-term debt in the statement of net position.	(327,588)
Repayments of long-term debt and refunding debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities and increases in deferred outflows in the statement of net position.	665,000
Amortization of the bond premium and the deferred outflows amount on refunding, is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	52,308
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	1,021,784
Deferred outflows of resources	236,896
Deferred inflows of resources	(1,186,463)
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore are not reported in the funds.	
Net pension liability/asset	(1,147,861)
Deferred outflows of resources	203,374
Deferred inflows of resources	498,663
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Total other postemployment benefits liability	(2,698,545)
Deferred outflows of resources	(2,196,677)
Deferred inflows of resources	843,915
Certain expenses in the statement of activities do not require the use of current resources and are; therefore, not reported as expenditures in the governmental funds.	
Change in compensated absences	<u>(22,893)</u>
Change in net position - governmental activities	<u>\$ (3,389,238)</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

1. NATURE OF OPERATIONS

Cherry Valley-Springfield Central School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

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

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

The extraclassroom activity funds and the related transactions are facilitated by the student body, however, the BOE exercises general oversight of these funds. The District accounts for the extraclassroom activity funds in a special revenue fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office.

Joint Venture

The District is a component school district in the Otsego Northern Catskills 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.

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.

During the year, the District was billed \$1,409,537 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$347,041.

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

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

Certain significant accounting principles and policies utilized by the District are described below:

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental 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 direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes 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 fund statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- **General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Capital Projects Fund** - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

The District reports the following non-major governmental funds:

- **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 the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities.
- **Extraclassroom Activities Fund** - This fund is used to account for the revenues that are restricted and committed to expenditures for extraclassroom activities.
- **Scholarship Fund** - This fund is used to account for the revenues that are restricted and committed to expenditures for student scholarship activities.

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 District-wide and fiduciary fund 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 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 fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

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.

Due from Federal and State Governments

Due from Federal and State Governments recorded as an asset at June 30, 2021 relates to receivables due from NYS and/or the federal government. Management does not believe an allowance for doubtful accounts is necessary.

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County) for enforcement to the District no later than the following April 1.

Inventory

Inventory of food in the school lunch fund is 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 inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Interfund Transactions

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

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 1,000	SL	20 - 50 years
Buildings and improvements	\$ 1,000	SL	20 - 50 years
Machinery, equipment and vehicles	\$ 1,000	SL	5 - 20 years

Vested Employee Benefits

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 contractually receive a payment based on unused accumulated sick leave.

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.

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Other Benefits

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

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

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Short Term Debt

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

The 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.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds, are reported as 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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Restricted Resources

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

District-wide Statements - Equity Classifications

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

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

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

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

Governmental Fund Financial Statements - Equity classifications

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 required to be maintained intact.

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 capital projects fund has other restricted fund balance of \$435,110 at June 30, 2021 related to the District's current capital projects. The scholarship fund has restricted fund balance of \$551,328 at June 30, 2021 related to scholarships. The extraclassroom activities fund has restricted fund balance of \$58,456 at June 30, 2021 related to extraclassroom activities. The District has available the following restricted fund balances:

Capital Reserve

According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for 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. The Reserve is accounted for in the general fund under restricted fund balance.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Reserve for Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here. This reserve is accounted for in the debt service fund.

Repair Reserve

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

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund. Of this reserve at June 30, 2021, \$125,635 is reserved under the TRS Reserve Sub Fund.

Retirement Contribution Reserve

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 operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund.

Unemployment Insurance Reserve

This 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 District has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the general fund under restricted fund balance.

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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balances as of June 30, 2021.

Assigned fund balance - Includes amounts that are constrained by the 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 represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures. In addition, the amount of fund balance appropriated for next year's budget is also included in assigned fund balance in the General Fund.

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 District.

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

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. 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.

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 amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

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

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

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference 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 Changes 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 from 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 District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

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

The voters of the District approved the proposed appropriation budget.

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 BOE 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 restriction, 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 generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The general fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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

Encumbrances

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

Fund Balance Deficit

The Capital Projects Fund had a deficit fund balance of \$(83,760). This will be funded when the District obtains permanent financing for its current construction projects.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

5. CASH

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

At June 30, 2021, the reported amount of the District's deposits was \$6,460,099 and the bank balance was \$6,904,305. Of the bank balance \$500,000 was covered by federal depository insurance, and \$6,525,179 was collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,501,318 within the governmental funds.

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	2,203,421	144,693	-	2,348,114
Total nondepreciable cost	<u>2,353,421</u>	<u>144,693</u>	<u>-</u>	<u>2,498,114</u>
Capital assets that are depreciated:				
Land improvements	794,001	-	-	794,001
Buildings and improvements	28,341,616	-	-	28,341,616
Machinery, equipment and vehicles	<u>2,253,691</u>	<u>380,740</u>	<u>(14,165)</u>	<u>2,620,266</u>
Total depreciable historical cost	<u>31,389,308</u>	<u>380,740</u>	<u>(14,165)</u>	<u>31,755,883</u>
Less accumulated depreciation:				
Land improvements	794,001	-	-	794,001
Buildings and improvements	13,179,792	636,333	-	13,816,125
Machinery, equipment and vehicles	<u>1,597,843</u>	<u>265,715</u>	<u>(14,165)</u>	<u>1,849,393</u>
Total accumulated depreciation	<u>15,571,636</u>	<u>902,048</u>	<u>(14,165)</u>	<u>16,459,519</u>
Total depreciable cost - net	<u>15,817,672</u>	<u>(521,308)</u>	<u>-</u>	<u>15,296,364</u>
Total capital assets, net	<u>\$ 18,171,093</u>	<u>\$ (376,615)</u>	<u>\$ -</u>	<u>\$ 17,794,478</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

Depreciation expense for the year ended June 30, 2021 was allocated to specific functions as follows:

General support	\$ 596,442
Instruction	154,952
Pupil transportation	<u>150,654</u>
Total depreciation	<u>\$ 902,048</u>

7. SHORT-TERM DEBT

In August 2020, the District issued a bond anticipation note that partially redeemed and renewed the 2019 BAN Series C and D, while also providing new funds of \$274,754 for bus purchases in the current year. In June 2021, the 2019 BAN Series B was paid off with the issuance of a bond related to the capital improvement project.

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
2019 BAN Series C	8/14/2020	1.68%	\$ 270,000	\$ -	\$ (270,000)	\$ -
2019 BAN Series D	8/14/2020	1.51%	221,890	-	(221,890)	-
2020 BAN Renewal	8/13/2021	0.75%	-	634,754	-	634,754
2019 BAN Series B	6/25/2021	1.19%	<u>1,835,751</u>	<u>-</u>	<u>(1,835,751)</u>	<u>-</u>
			<u>\$ 2,327,641</u>	<u>\$ 634,754</u>	<u>\$ (2,327,641)</u>	<u>\$ 634,754</u>

8. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$ 393,120	\$ -	\$ -	\$ 1,247,253
Capital Projects	-	14	80,000	-
School Lunch	27,738	-	10,000	-
Special Aid	-	420,858	-	-
Debt Service	<u>14</u>	<u>-</u>	<u>1,157,253</u>	<u>-</u>
Total	<u>\$ 420,872</u>	<u>\$ 420,872</u>	<u>\$ 1,247,253</u>	<u>\$ 1,247,253</u>

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

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

9. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds:					
Serial bonds payable	\$ 4,295,000	\$ 1,490,000	\$ 665,000	\$ 5,120,000	\$ 770,000
Unamortized bond premium	579,100	327,588	96,196	810,492	-
Total bonds	<u>\$ 4,874,100</u>	<u>\$ 1,817,588</u>	<u>\$ 761,196</u>	<u>\$ 5,930,492</u>	<u>\$ 770,000</u>
Other liabilities:					
Compensated absences {a}	<u>\$ 221,960</u>	<u>\$ 22,893</u>	<u>\$ -</u>	<u>\$ 244,853</u>	<u>\$ -</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

Interest on all debt for the year was composed of:

Interest paid	\$ 240,812
Less: Amortization of bond premium	(96,196)
Plus: Amortization of deferred outflow on refunding	43,888
Total interest expense	<u>\$ 188,504</u>

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

Bond Issue	Issued	Maturity	Interest Rate	6/30/21 Balance
2016 Serial Bonds	7/29/2016	7/30/2031	2.00%	\$ 775,000
2021 Serial Bonds	6/16/2021	6/15/2036	4.00%	1,490,000
Serial Bonds Refunding	11/9/2017	6/15/2026	5.00%	<u>2,855,000</u>
Total bond issue				<u>\$ 5,120,000</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

The following is a summary of the maturity of long-term indebtedness as of June 30, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 770,000	\$ 265,575	\$ 1,035,575
2023	755,000	212,400	967,400
2024	795,000	175,400	970,400
2025	830,000	136,450	966,450
2026	490,000	115,750	605,750
2027-2031	925,000	270,250	1,195,250
2032-2036	555,000	66,550	621,550
Total	<u>\$ 5,120,000</u>	<u>\$ 1,242,375</u>	<u>\$ 6,362,375</u>

10. PENSION PLANS

New York State Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. 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 System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	ERS
2021	\$ 178,812
2020	\$ 169,160
2019	\$ 162,962

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

At June 30, 2021, the District reported a net pension liability of \$4,169 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2021, the District's proportionate share was .0041868% percent, which was an increase of .00031240% from its proportionate share measured at March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$110,636. At June 30, 2021, the 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	\$ 50,914	\$ -
Changes of assumptions	766,538	14,457
Net difference between projected and actual earnings on pension plan investments	-	1,197,572
Changes in proportion and differences between the District's contributions and proportionate share of contributions	57,254	20,863
Contributions subsequent to the measurement date	49,777	-
Total	<u>\$ 924,483</u>	<u>\$ 1,232,892</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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 Ended March 31:

2022	\$ (60,532)
2023	(15,811)
2024	(59,510)
2025	<u>(222,333)</u>
	<u>\$ (358,186)</u>

The District recognized \$49,777 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Actuarial Assumptions

The total pension liability measured at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.4%
Projected COLAs	1.4%
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-2020
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 class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term Expected Real Rate of Return in %</u>
Domestic Equity	32.0	4.05
International Equity	15.0	6.30
Private Equity	10.0	6.75
Real Estate	9.0	4.95
Opportunistic Portfolio	3.0	4.50
Credit	4.0	3.63
Real Asset	3.0	5.95
Fixed Income	23.0	0.00
Cash	<u>1.0</u>	0.50
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.0%.

Discount Rate

The discount rate used to measure 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 determined. Based upon these 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 to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease 4.9%	Current Discount 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	<u>\$ 1,157,143</u>	<u>\$ 4,169</u>	<u>\$ (1,059,143)</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

Pension Plan Fiduciary Net Position (000's)

The components of the collective net pension liability of the participating employers as of March 31, 2021, were as follows:

Total pension liability	\$220,680,157
Net position	<u>220,580,583</u>
Net pension liability (asset)	<u>\$ 99,574</u>

ERS net position as a percentage of total pension liability 99.95%

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer, defined-benefit retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at www.nystrs.org.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS 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

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS 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.

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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS 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>
2021	\$ 311,523
2020	\$ 392,628
2019	\$ 368,486

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

At June, 30, 2021, the District reported net pension liability of \$572,423 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the 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, 2020 the District's proportionate share was 0.020715%, which was a decrease of 0.0014340% from its proportionate share measured at June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$779,866. At June 30, 2021 the 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	\$ 501,558	\$ 29,336
Changes of assumptions	723,982	258,062
Net difference between projected and actual earnings on pension plan investments	373,843	-
Changes in proportion	127,925	65,882
Contributions subsequent to the measurement date	<u>371,021</u>	<u>-</u>
Total	<u>\$ 2,098,329</u>	<u>\$ 353,280</u>

The District recognized \$371,021 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2020 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Plan's Year Ended June 30:

2021	\$ 232,173
2022	459,324
2023	376,609
2024	235,681
2025	29,901
Thereafter	<u>40,340</u>
	<u>\$ 1,374,028</u>

Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. These actuarial valuations used the following actuarial assumptions:

Actuarial Cost Method	Entry Normal Age
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service.

They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	7.10% 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 MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

Most of the demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions and has updated the investment rate of return, inflation, projected COLA, and mortality improvement actuarial assumptions as of June 30, 2019 and updated the mortality improvement assumptions as of June 30, 2020.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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 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, 2020 are summarized in the following table:

Asset Type	Target	
	Allocations in %	Long-Term Expected Real Rate of Return in %
Domestic Equity	33.0	7.1
International Equity	16.0	7.7
Global Equity	4.0	7.4
Real Estate Equity	11.0	6.8
Private Equity	8.0	10.4
Domestic Fixed Income	16.0	1.8
Global Bonds	2.0	1.0
High-Yield Bonds	1.0	3.9
Private Debt	1.0	5.2
Real Estate Debt	7.0	3.6
Cash Equivalents	1.0	0.7
	<u>100%</u>	

Real rates of return are net of the long-term inflation assumption of 2.2% for 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 school 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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

Sensitivity of the Proportionate Share of the Net Pension Asset to the Discount Rate

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.10%, as well as what the school districts’ net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.10 percent) or 1% higher (8.10 percent) than the current rate:

	1% Decrease 6.10%	Current Discount 7.10%	1% Increase 8.10%
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 3,615,802</u>	<u>\$ 572,423</u>	<u>\$ (1,981,742)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current year net pension liability (asset) of the participating school district employers at June 30, 2020, were as follows:

Total pension liability	\$ 123,242,776
Net position	<u>120,479,505</u>
Net pension liability (asset)	<u>\$ 2,763,271</u>
NYSTRS net position as a percentage of total pension liability	97.8%

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District’s contractual agreements. The Plan can be amended by action of the District through agreements with different bargaining units. The District is required to calculate and record an other postemployment benefit (OPEB) obligation at year-end. The net OPEB obligation is the cumulative difference between the actuarially required contribution and the actual contributions made.

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

Benefits Provided

The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Employees Covered by Benefit Terms

At July 1, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	162
Active employees	<u>94</u>
Total participants	<u>256</u>

Total OPEB Liability

The District's total OPEB liability of \$57,103,794 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases including inflation	2.60 percent 2.21 percent as of June 30, 2020; 2.16 percent as of June 30, 2021
Discount Rate	2.21 percent as of June 30, 2020; 2.16 percent as of June 30, 2021
Medical Trend Rate	6.6 percent, decreasing to 4.1 percent over 56 years
Cost Method	Entry Age Normal
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 54,405,249</u>
Changes for the Year-	
Service cost	2,416,337
Interest	1,239,961
Effect of plan changes	-
Changes in actual and expected	-
Changes in assumptions or other inputs	479,578
Benefit payments	<u>(1,437,331)</u>
Net changes	<u>2,698,545</u>
Balance at June 30, 2021	<u>\$ 57,103,794</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

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

The following presents the total OPEB liability of the District calculated using the discount rate of 2.16%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease <u>1.16%</u>	Current Discount <u>2.16%</u>	1% Increase <u>3.16%</u>
Total OPEB Liability	\$ <u>68,018,222</u>	\$ <u>57,103,794</u>	\$ <u>48,504,801</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.60%) or 1 percentage point higher (7.60%) than the current healthcare cost trend rate:

	1% <u>Decrease</u>	Healthcare Trend Rate	1% <u>Increase</u>
Total OPEB Liability	\$ <u>47,930,476</u>	\$ <u>57,103,794</u>	\$ <u>69,221,626</u>

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

For the year ended June 30, 2021 the District recognized OPEB expense of \$5,488,638. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 177,505	\$ 883,135
Changes of assumptions	<u>10,485,647</u>	<u>1,246,263</u>
Total	<u>\$ 10,663,152</u>	<u>\$ 2,129,398</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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 30:</u>	<u>Amount</u>
2022	\$ 1,832,340
2023	1,832,339
2024	2,435,750
2025	2,389,727
2026	43,598
Thereafter	<u>-</u>
	<u>\$ 8,533,754</u>

12. RISK MANAGEMENT

General

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

Health Insurance

The District incurs costs related to an employee health insurance plan (the Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one year and a member district may withdraw from the plan after that time by providing notice to the consortium prior to the May 1st immediately preceding the commencement of the next school year. Plan members include nine districts, with each district bearing a proportionate share of the Plan's assets and claims liabilities. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

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

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

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Worker's Compensation

The District incurs costs related to the a workers' compensation Plan (the Insurance Plan) sponsored by Otsego North Catskills BOCES and its component districts. The Insurance Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Insurance Plan must remain members for a minimum of one year; a member district may withdraw from the Insurance Plan after that time by forwarding a resolution passed by the District's Board of Education prior to the end of the fiscal year. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Insurance Plan's assets were to be exhausted, members would be responsible for the Insurance Plan's liabilities.

The Insurance Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Insurance Plan as direct insurer of risks reinsured. The Insurance Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2021 the District incurred premiums or contribution expenditures totaling \$63,534.

Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established an unemployment reserve to pay these claims. The claim and judgment expenditures of this program for the 2020-2021 fiscal year totaled zero. The balance of the reserve at June 30, 2021 is \$272,598 and is recorded in the General fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2021 no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

13. CONTINGENCIES AND COMMITMENTS

Litigation

There is no litigation pending against the District as of the balance sheet date.

Grants

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

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

14. SUBSEQUENT EVENTS

On August 12, 2021, the District issued a Bond Anticipation Note in the amount of \$645,000 with an interest rate of .28%.

15. COVID-19

The United States is presently in the midst of a national health emergency related to a virus commonly known as the Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a nation, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the District and its future results and financial position is not presently determinable.

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus. The District is expected to receive and expend Elementary and Secondary School Emergency Relief (ESSER 2) funds and as well as Governor's Emergency Education Relief (GEER 2) funds.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instruction and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. The District is expected to receive and expend ARP ESSER 3 funds.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

16. PRIOR PERIOD ADJUSTMENT

The District adopted GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. The District has two new governmental funds defined as Special Revenue Funds, which are used to account for the Extraclassroom activity funds and scholarships not meeting the definition for reporting in the Private-Purpose Trust Fund, which were previously recorded in the Agency and Private-Purpose Trust Funds.

	Private Purpose Trust Fund		Agency Fund	
	Assets	Net Position	Assets	Liabilities
Balance at June 30, 2020, as previously reported	\$ 247,195	\$ 247,195	\$ 195,489	\$ 195,489
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>(247,195)</u>	<u>(247,195)</u>	<u>(195,489)</u>	<u>(195,489)</u>
Balance at July 1, 2020, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Extraclassroom Activities Fund		Scholarship Fund	
	Assets	Fund Balance	Assets	Fund Balance
Balance at June 30, 2020, as previously reported	\$ -	\$ -	\$ -	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>62,278</u>	<u>62,278</u>	<u>247,195</u>	<u>247,195</u>
Balance at July 1, 2020, as restated	<u>\$ 62,278</u>	<u>\$ 62,278</u>	<u>\$ 247,195</u>	<u>\$ 247,195</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2021**

	<u>General Fund</u>	
	<u>Assets</u>	<u>Liabilities</u>
Balance at June 30, 2020, as previously reported	\$ 4,704,192	\$ 460,720
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>133,211</u>	<u>133,211</u>
Balance at July 1, 2020, as restated	<u>\$ 4,837,403</u>	<u>\$ 593,931</u>

	<u>Governmental Activities</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Position</u>
Balance at June 30, 2020, as previously reported	\$ 24,576,525	\$ 63,319,942	\$ (26,909,402)
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>442,684</u>	<u>133,211</u>	<u>309,473</u>
Balance at July 1, 2020, as restated	<u>\$ 25,019,209</u>	<u>\$ 63,453,153</u>	<u>\$ (26,599,929)</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Required Supplementary Information

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
Real property taxes	\$ 5,326,039	\$ 5,326,039	\$ 5,326,829	\$ -	\$ 790
Charges for services	88,433	88,433	52,837	-	(35,596)
Use of money and property	1,000	1,000	6,634	-	5,634
Sale of property and compensation for loss	500	500	3,402	-	2,902
Miscellaneous	164,000	164,000	258,701	-	94,701
Federal sources	-	-	189,702	-	189,702
State sources	7,255,551	7,255,551	7,173,082	-	(82,469)
Total revenue	<u>12,835,523</u>	<u>12,835,523</u>	<u>13,011,187</u>	<u>-</u>	<u>175,664</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	19,200	19,200	14,527	914	3,759
Central administration	178,770	178,570	173,355	422	4,793
Finance	203,550	201,750	188,638	1,571	11,541
Staff	38,910	54,910	45,279	2,338	7,293
Central services	897,564	913,674	828,560	36,977	48,137
Special items	215,914	201,914	191,496	668	9,750
Total general support	<u>1,553,908</u>	<u>1,570,018</u>	<u>1,441,855</u>	<u>42,890</u>	<u>85,273</u>
INSTRUCTION:					
Instruction, administration, and improvement	226,494	226,494	196,178	917	29,399
Teaching - regular school	2,524,527	2,449,707	2,408,372	21,143	20,192
Programs for special needs children	1,915,270	1,875,470	1,778,960	65,332	31,178
Occupational education	423,200	434,500	429,082	773	4,645
Teaching - special school	50,700	50,700	24,837	10,050	15,813
Instructional media	241,856	351,856	246,115	191	105,550
Pupil services	497,887	497,949	348,184	6,926	142,839
Total instruction	<u>5,879,934</u>	<u>5,886,676</u>	<u>5,431,728</u>	<u>105,332</u>	<u>349,616</u>
Pupil transportation	701,430	701,430	621,895	9,063	70,472
Community services	1,500	1,500	1,500	-	-
Employee benefits	4,040,498	4,040,498	3,780,528	70	259,900
Total expenditures	<u>12,177,270</u>	<u>12,200,122</u>	<u>11,277,506</u>	<u>157,355</u>	<u>765,261</u>
Excess (deficiency) of revenue over expenditures	<u>658,253</u>	<u>635,401</u>	<u>1,733,681</u>	<u>(157,355)</u>	<u>940,925</u>
OTHER FINANCING SOURCES (USES):					
Interest	(1,000)	(1,000)	-	-	1,000
Transfers out	(1,247,253)	(1,247,253)	(1,247,253)	-	-
Total other financing sources	<u>(1,248,253)</u>	<u>(1,248,253)</u>	<u>(1,247,253)</u>	<u>-</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ (590,000)</u>	<u>\$ (612,852)</u>	<u>486,428</u>	<u>\$ (157,355)</u>	<u>\$ 941,925</u>
FUND BALANCE - beginning of year			<u>4,243,472</u>		
FUND BALANCE - end of year			<u>\$ 4,729,900</u>		

Notes to Required Supplementary Information - Schedule of Revenue, Expenditure, and Changes in Fund Balance - Budget and Actual - General Fund

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The Budget is 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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2021**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total OPEB Liability										
Service cost	\$ 2,416,337	\$ 1,117,375	\$ 1,272,120	\$ 1,235,068						
Interest	1,239,961	1,441,241	1,301,091	1,263,729						
Changes of benefit terms	-	(1,292,824)	-	-						
Differences between expected and actual experience	-	(1,324,703)	-	440,473						
Changes in assumptions	479,578	15,139,899	(3,115,656)	-						
Benefit payments	<u>(1,437,331)</u>	<u>(1,460,797)</u>	<u>(1,528,958)</u>	<u>(1,929,852)</u>						
Total change in total OPEB liability	2,698,545	13,620,191	(2,071,403)	1,009,418						
Total OPEB liability - beginning	<u>54,405,249</u>	<u>40,785,058</u>	<u>42,856,461</u>	<u>41,847,043</u>						
Total OPEB liability - ending	<u>\$ 57,103,794</u>	<u>\$ 54,405,249</u>	<u>\$ 40,785,058</u>	<u>\$ 42,856,461</u>						
Covered-employee payroll	4,330,887	4,330,877	4,997,259	4,997,259						
Total OPEB liability as a percentage of covered- employee payroll	1318.52%	1256.22%	816.15%	857.60%						

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	2.16%	2.21%	3.50%	3.00%
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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 all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability (Asset)
For the Year Ended June 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Proportion of the net pension liability (asset)	0.0041868%	0.0038744%	0.0043525%	0.0038745%	0.0037589%	0.0036275%	0.0039767%			
Proportionate share of the net pension liability (asset)	\$ 4	\$ 1,025	\$ 308	\$ 125	\$ 353	\$ 582	\$ 134			
Covered-employee payroll	\$ 1,277	\$ 1,201	\$ 1,163	\$ 1,024	\$ 1,010	\$ 938	\$ 938			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.31%	85.35%	26.48%	12.21%	34.95%	62.05%	14.29%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%			

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.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Proportion of the net pension liability (asset)	0.0207150%	0.0221490%	0.0230840%	0.0217890%	0.0218750%	0.0220330%	0.0298100%			
Proportionate share of the net pension liability (asset)	\$ 572	\$ (575)	\$ (417)	\$ (166)	\$ 234	\$ (2,288)	\$ (2,337)			
Covered-employee payroll	\$ 3,516	\$ 3,546	\$ 3,690	\$ 4,866	\$ 3,453	\$ 2,122	\$ 2,122			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.27%	-16.21%	-11.30%	-3.41%	6.78%	-107.82%	-110.13%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended June 30, 2021**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 179	\$ 169	\$ 163	\$ 150	\$ 146	\$ 138	\$ 155			
Contributions in relation to the contractually required contribution	<u>179</u>	<u>169</u>	<u>163</u>	<u>150</u>	<u>146</u>	<u>138</u>	<u>155</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 1,277	\$ 1,201	\$ 1,163	\$ 1,024	\$ 1,010	\$ 938	\$ 938			
Contributions as a percentage of covered-employee payroll	14.02%	14.07%	14.02%	14.65%	14.46%	14.71%	16.52%			

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.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 312	\$ 393	\$ 368	\$ 404	\$ 405	\$ 580	\$ 580			
Contributions in relation to the contractually required contribution	<u>312</u>	<u>393</u>	<u>368</u>	<u>404</u>	<u>405</u>	<u>580</u>	<u>580</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 3,516	\$ 3,546	\$ 3,690	\$ 4,866	\$ 3,453	\$ 2,122	\$ 2,122			
Contributions as a percentage of covered-employee payroll	8.87%	11.08%	9.97%	8.30%	11.73%	27.33%	27.33%			

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.

SUPPLEMENTARY INFORMATION

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021**

	School Lunch	Scholarship	Extraclassroom Activities	Debt Service	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 31,954	\$ -	\$ -	\$ -	\$ 31,954
Cash and cash equivalents - restricted	-	547,723	58,456	539,017	1,145,196
Investments - restricted	-	3,605	-	-	3,605
Due from other funds	27,738	-	-	14	27,752
Due from Federal and State governments	20,976	-	-	-	20,976
Inventory	6,628	-	-	-	6,628
	<u>6,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,628</u>
Total assets	<u>\$ 87,296</u>	<u>\$ 551,328</u>	<u>\$ 58,456</u>	<u>\$ 539,031</u>	<u>\$ 1,236,111</u>
FUND BALANCES					
Nonspendable	\$ 6,628	\$ -	\$ -	\$ -	\$ 6,628
Restricted	-	551,328	58,456	539,031	1,148,815
Assigned to - Other	80,668	-	-	-	80,668
	<u>80,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,668</u>
Total fund balances	<u>\$ 87,296</u>	<u>\$ 551,328</u>	<u>\$ 58,456</u>	<u>\$ 539,031</u>	<u>\$ 1,236,111</u>

The accompanying notes are an integral part of these financial statements.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Supplementary Information

Combining Statement of Revenue, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	School Lunch	Scholarship	Extraclassroom Activities	Debt Service	Total Nonmajor Governmental Funds
REVENUE:					
Use of money and property	\$ 11	\$ 485	\$ -	\$ 915	\$ 1,411
Miscellaneous	-	312,538	20,349	-	332,887
State sources	6,880	-	-	-	6,880
Federal sources	264,934	-	-	-	264,934
Sales	9,851	-	-	-	9,851
Total revenue	281,676	313,023	20,349	915	615,963
EXPENDITURES:					
Employee benefits	72,640	-	-	-	72,640
Other expenditures	-	8,890	24,171	-	33,061
Cost of sales	195,417	-	-	-	195,417
Debt service -					
Principal	-	-	-	902,641	902,641
Interest	-	-	-	240,812	240,812
Total expenditures	268,057	8,890	24,171	1,143,453	1,444,571
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	13,619	304,133	(3,822)	(1,142,538)	(828,608)
OTHER FINANCING SOURCES (USES):					
Transfers in	10,000	-	-	1,157,253	1,167,253
Total other financing sources (uses)	10,000	-	-	1,157,253	1,167,253
CHANGE IN FUND BALANCES	23,619	304,133	(3,822)	14,715	338,645
FUND BALANCE - beginning of year, as previously reported	63,677	-	-	524,316	587,993
RESTATEMENT (Note 16)	-	247,195	62,278	-	309,473
FUND BALANCES - beginning of year, as restated	63,677	247,195	62,278	524,316	897,466
FUND BALANCES - end of year	\$ 87,296	\$ 551,328	\$ 58,456	\$ 539,031	\$ 1,236,111

The accompanying notes are an integral part of these financial statements.

OTHER INFORMATION (UNAUDITED)

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Other Information

**Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund
(Unaudited)**

For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget		\$ 13,425,523
Add: Prior year's encumbrances		<u>22,852</u>
Original and final budget		<u>\$ 13,448,375</u>

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

2021-22 voter-approved expenditure budget	\$ 13,722,278	
Maximum allowed (4% of 2021-22 budget)		\$ 548,891

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

Committed fund balance	-
Assigned fund balance	797,355
Unassigned fund balance	<u>532,993</u>

Total unrestricted fund balance 1,330,348

Less:

Appropriated fund balance	640,000
Encumbrances included in assigned fund balance	<u>157,355</u>

Total adjustments \$ 797,355

General Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 532,993

Actual percentage 3.88%

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Other Information

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Prior Years' Expenditures	Current Year Expenditures	Total Expenditures	Unexpended Balance	Serial bonds	Federal and State Sources	Local Sources	Total Financing	Residual Equity Transfer	Fund Balance as of 6/30/21
District wide renovations	\$ 8,050,180	\$ 8,050,180	\$ 8,057,235	\$ -	\$ 8,057,235	\$ (7,055)	\$ 7,889,176	\$ 662,109	\$ -	\$ 8,551,285	\$ 161,004	\$ 333,046
Roof - Main Building	1,199,000	1,199,000	1,149,648	-	1,149,648	49,352	-	-	-	-	-	(1,149,648)
Bus garage/tanks	389,000	389,000	394,845	-	394,845	(5,845)	389,000	-	23,614	412,614	-	17,769
Interior Door Replacement	100,000	100,000	89,505	-	89,505	10,495	-	-	100,000	100,000	-	10,495
Buses	572,007	572,007	572,007	-	572,007	-	259,586	-	30,730	290,316	-	(281,691)
Roof - Transportation Building	219,000	219,000	244,314	-	244,314	(25,314)	-	-	-	-	-	(244,314)
Main Building Septic	100,000	100,000	100,053	-	100,053	(53)	-	-	-	-	-	(100,053)
Exterior Doors	100,000	100,000	80,707	-	80,707	19,293	-	-	-	-	-	(80,707)
2017 Capital Project	100,000	100,000	85,580	-	85,580	14,420	1,030,000	149,813	252,100	1,431,913	-	1,346,333
100K Project 2017/2018	100,000	100,000	100,498	-	100,498	(498)	-	-	100,000	100,000	-	(498)
General Construction \$3.12 million Project	3,100,000	3,100,000	2,097,316	128,248	2,225,564	874,436	1,490,000	-	663,861	2,153,861	-	(71,703)
2021 Bond Issuance (\$3.12m Project)	-	-	-	87,588	87,588	(87,588)	327,588	-	-	327,588	-	240,000
100K Project 2018/2019	100,000	100,000	97,892	-	97,892	2,108	-	-	100,000	100,000	-	2,108
Smart Schools	618,522	618,522	329,676	55,283	384,959	233,563	-	442,326	-	442,326	-	57,367
Smart Schools E-Rate	49,589	49,589	49,589	-	49,589	-	-	-	49,589	49,589	-	-
Equipment	25,000	25,000	22,092	-	22,092	2,908	-	-	-	-	-	(22,092)
2018 Bus	105,000	105,000	96,343	-	96,343	8,657	-	-	120,747	120,747	-	24,404
2019 Bus	170,000	170,000	166,846	-	166,846	3,154	154,760	-	35,000	189,760	-	22,914
2020 Buses	254,890	254,890	254,889	-	254,889	1	222,410	-	71,890	294,300	-	39,411
BAN renewal payments from old bus purchase (2016-2017)	-	-	-	-	-	-	-	-	35,000	35,000	-	35,000
2020/2021 Buses	275,874	275,874	-	274,754	274,754	1,120	-	-	-	-	-	(274,754)
2020/2021 Equipment	80,000	80,000	-	67,147	67,147	12,853	-	-	80,000	80,000	-	12,853
	<u>\$ 15,708,062</u>	<u>\$ 15,708,062</u>	<u>\$ 13,989,035</u>	<u>\$ 613,020</u>	<u>\$ 14,602,055</u>	<u>\$ 1,106,007</u>	<u>\$ 11,762,520</u>	<u>\$ 1,254,248</u>	<u>\$ 1,662,531</u>	<u>\$ 14,679,299</u>	<u>\$ 161,004</u>	<u>\$ (83,760)</u>

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Other Information

Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2021

Capital assets, net	\$ 17,794,478
Addition:	
Deferred amounts on refunding	219,441
Deduct:	
Premiums on bonds payable	(810,492)
Bond anticipation notes payable	(634,754)
Short-term portion of bonds payable	(770,000)
Long-term portion of bonds payable	<u>(4,350,000)</u>
Net investment in capital assets	<u>\$ 11,448,673</u>

**REQUIRED REPORTS UNDER
OMB 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 15, 2021

To the Board of Education of the
Cherry Valley-Springfield 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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cherry Valley-Springfield Central School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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 may exist that have not been identified.

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.

Compliance and Other Matters

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

October 15, 2021

To the Board of Education of the
Cherry Valley-Springfield Central School District

Report on Compliance for Each Major Federal Program

We have audited the Cherry Valley-Springfield Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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.

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

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.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

June 30, 2021

Federal Grantor / Pass Through Grantor/Program or Cluster Title	Assistance Listing	Pass Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	\$ 20,463
Passed through New York State Department of Education -			
National School Lunch Program	10.555	N/A	145,015
School Breakfast Program	10.553	N/A	99,456
<i>Total Passed through New York State Department of Education</i>			<u>244,471</u>
<i>Subtotal Child Nutrition Cluster</i>			<u>264,934</u>
Total U.S. Department of Agriculture			<u>264,934</u>
U.S. Department of Education:			
Passed through New York State Department of Education -			
Title I Grants to Local Educational Agencies	84.010	0021-21-2430	<u>173,283</u>
ESEA TITLE II Part A, Improving Teacher Quality grant	84.367	0147-21-2430	<u>18,482</u>
Student Support and Academic Enrichment Program	84.424	0204-21-2430	<u>13,447</u>
Special Education Cluster (IDEA)-			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-0734	144,811
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-21-0734	<u>5,174</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>149,985</u>
Education Stabilization Fund -			
<i>COVID-19: Elementary and Secondary School Emergency Relief Fund</i>	84.425D	5890-21-2430	162,210
<i>COVID-19: Governor's Emergency Education Relief Fund</i>	84.425C	5895-21-2430	<u>27,492</u>
<i>Total Education Stabilization Fund</i>			<u>189,702</u>
<i>Total Passed through New York State Department of Education</i>			<u>544,899</u>
Total U.S. Department of Education			<u>544,899</u>
Total Expenditures of Federal Awards			<u>\$ 809,833</u>
Total Program Expenditures by Assistance Listing			
National School Lunch Program	10.555		<u>\$ 165,478</u>

The accompanying notes are an integral part of this schedule.

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Cherry Valley-Springfield Central School District (District), under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District’s general ledger.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing number advised by the pass-through grantor.

Identifying numbers, other than the Assistance Listing numbers, which may be assigned by pass-through grantors are not maintained in the District’s financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

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

5. MATCHING COSTS

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

6. NON-MONETARY FEDERAL PROGRAM

The 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, 2021, the District received food commodities, the fair value of which amounted to \$20,463, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, AL #10.555).

CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? 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 not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes no

The major federal programs of the District for the year ended June 30, 2021 were as follows:

U.S. Department of Agriculture

Child Nutrition Cluster

School Breakfast Program (#10.553)

National School Lunch Program (noncash food donations) (#10.555)

U.S. Department of Education

COVID-19 - Education Stabilization Fund

Governor's Emergency Education Relief (GEER) Fund (84.425C)

Elementary and Secondary School Emergency Relief (ESSER) Fund (84.425D)

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

Auditee qualified as low-risk auditee? yes no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None