

**CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL**

**Financial Statements as of**

**June 30, 2023**

**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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June 30, 2023

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# CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

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## **INDEPENDENT AUDITOR'S REPORT**

October 19, 2023

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

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

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Asset, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 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, 2023**

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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, 2022. 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, 2023 and 2022 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 \$(26,159,854) and \$(27,209,368) (net position), respectively, an increase of \$1,049,514 from 2022 to 2023.
- Capital assets, net of accumulated depreciation during 2022-2023 amounted to approximately \$17.1 million, which is a net decrease of approximately \$300,000 from the prior year.
- General revenue, which includes State aid, and property taxes, accounted for \$13,895,457 of all revenue. Program specific revenue in the form of Charges for Services, Operating Grants and Contributions accounted for \$1,373,591 of total revenue.
- Total expenses for the government-wide financial statements totaled \$14,219,534 and \$12,861,869 for 2023 and 2022.
- As of the close of the fiscal year, The District's governmental funds reported combined fund balances of \$7,115,119 and \$7,037,592 in 2022 and 2021, respectively, an increase of \$77,527 from 2022 to 2023.

#### **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, 2023

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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

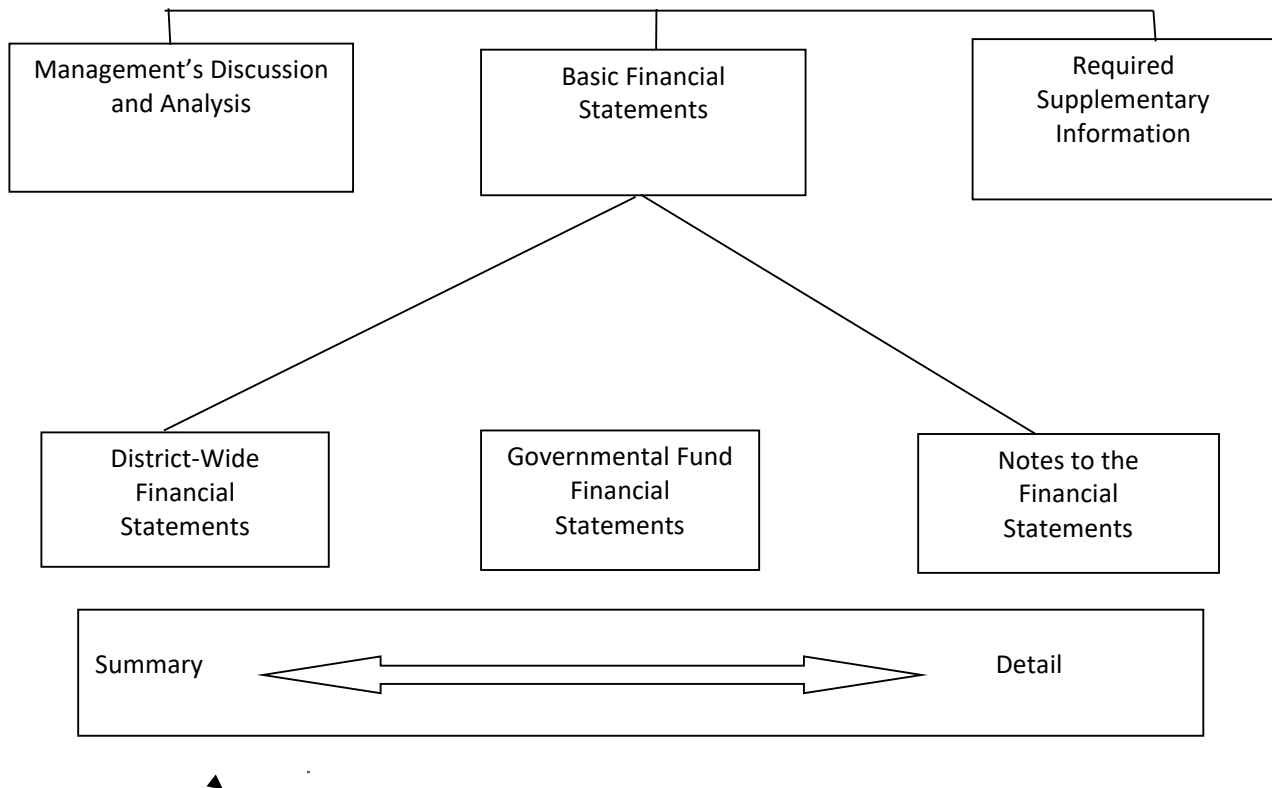


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

**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

#### 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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

June 30, 2023

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- 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.

### 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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

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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.

#### 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 2023	Fiscal Year 2022	Percent Change
Current assets	\$ 8,470	\$ 8,297	2.1%
Non-current assets	17,125	21,291	-19.6%
Total assets	25,595	29,587	-13.5%
Deferred outflows of resources	9,315	10,998	-15.3%
Current liabilities	1,355	1,259	7.6%
Long-term liabilities	45,858	43,289	5.9%
Total liabilities	47,213	44,548	6.0%
Deferred inflows of resources	13,858	23,248	-40.4%

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

#### Net position:

Net investment in capital assets	12,360	11,884	4.0%
Restricted	6,416	6,316	1.6%
Unrestricted	(44,903)	(45,376)	-1.0%
Total net position	<u>\$ (26,127)</u>	<u>\$ (29,989)</u>	-12.9%

At June 30, 2022 total assets were \$4,847 thousand greater than at June 30, 2021. Non-current assets increased approximately \$3,497 thousand, due to the District's proportion in both retirement systems changed from a share in a liability to a share in an asset.

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

Total liabilities decreased by approximately \$20,373 thousand due primarily changes in the pension valuation as well as Other Postemployment Benefits liability.

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

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
Revenue:			
Charges for services	\$ 125	\$ 278	-55.0%
Operating grants	1,249	1,655	-24.5%
Capital grants and contributions	-	-	#DIV/0!
General revenue:			
Real property taxes	5,438	5,328	2.1%
Federal and State sources	8,009	8,024	-0.2%
Use of money and property	105	5	2000.0%
Sale of property and compensation for loss	2	1	100.0%
Other	341	351	-2.8%
Total revenue	<u>15,269</u>	<u>15,642</u>	-2.4%
Expenses:			
General governmental support	2,804	2,603	7.7%
Instruction	9,787	8,825	10.9%
Pupil transportation	1,002	934	7.3%
Interest	140	196	-28.6%
Community Service	-	2	-100.0%
School lunch program	487	302	61.3%
Total expenses	<u>14,220</u>	<u>12,862</u>	10.6%
Increase (decrease) in net position	<u>\$ 1,049</u>	<u>\$ 2,780</u>	-62.3%

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

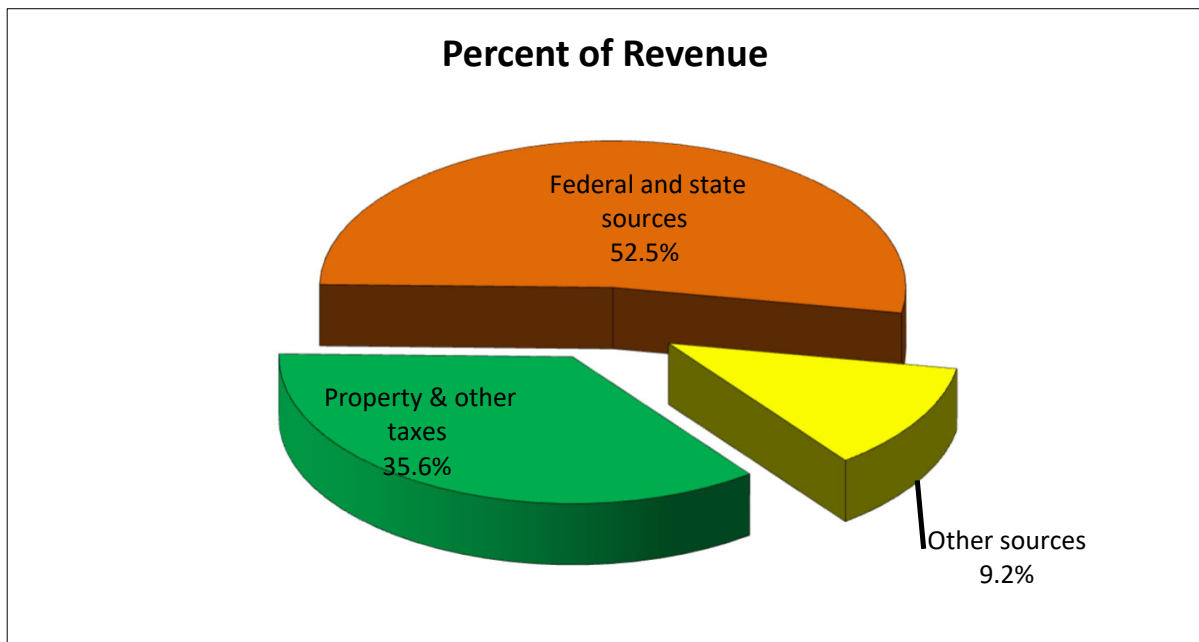
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#### Changes in Net Position

The District's total fiscal year 2023 revenues totaled \$15,269,048 (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 \$14,219,534. These expenses are predominately related to general instruction, which account for approximately 69% of District expenses. (See Table A-6). The District's general support activities accounted for 20% of total costs.

**Table A-5** Sources of Revenue for Fiscal Year 2023

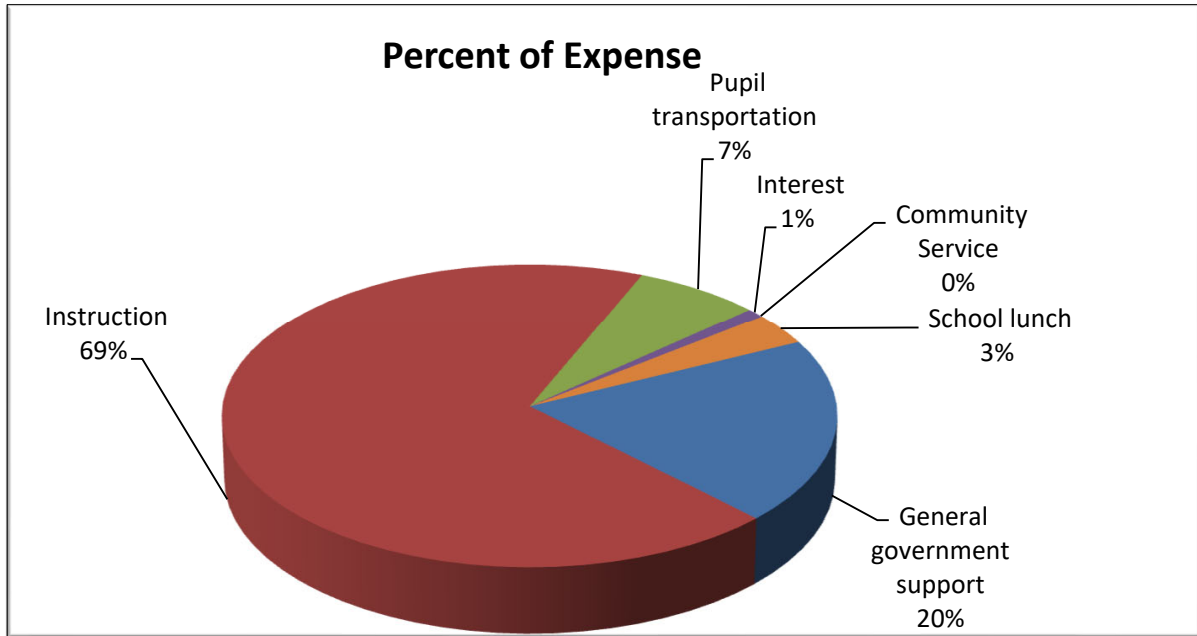


## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

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**Table A-6** Expenses for Fiscal Year 2023



#### 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, 2023, the District, in its governmental funds, reported combined fund balances of \$6.0 million, an increase of \$.1 million over the prior year. The District's governmental funds operated at a surplus in 2022-2023.

#### 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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance Positive/ (Negative)
Revenue:					
Local sources	\$ 5,637	\$ 5,637	\$ 5,851	\$ -	\$ 214
Federal and State sources	8,045	8,045	8,010	-	(35)
Total	<u>13,682</u>	<u>13,682</u>	<u>13,861</u>	<u>-</u>	<u>179</u>
Expenditures:					
General support	1,706	1,835	1,777	11	47
Instruction	6,414	6,337	5,869	47	421
Employee benefits	4,139	4,109	3,851	-	258
Transportation	763	878	643	1	234
Other	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total	<u>13,024</u>	<u>13,161</u>	<u>12,140</u>	<u>59</u>	<u>962</u>
Revenue over (under) expense	<u>659</u>	<u>522</u>	<u>1,721</u>	<u>(59)</u>	<u>1,141</u>
Other financing sources (uses)	<u>(1,187)</u>	<u>(1,187)</u>	<u>(1,572)</u>	<u>-</u>	<u>(385)</u>
Net change in fund balance	<u>\$ (529)</u>	<u>\$ (666)</u>	<u>\$ 149</u>	<u>\$ (59)</u>	<u>\$ 756</u>

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 2023:

- Instruction expenditures were approximately \$421 Thousand less than budget.
- Employee benefits were approximately \$258 thousand less than budgeted.

#### Capital Assets

As of June 30, 2023, the District had an investment of \$17.1 million in a broad range of capital assets including land, buildings, buses, athletics facilities, computers and other educational equipment.



## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) June 30, 2023

**Table A-8** Capital Assets (net of depreciation)

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
Category:			
Land	\$ 150,000	\$ 150,000	0.0%
Construction in progress	2,798,901	2,459,281	13.8%
Buildings and improvements	13,252,825	13,889,158	-4.6%
Machinery, equipment and vehicles	923,526	897,942	2.8%
Total	<u>\$ 17,125,252</u>	<u>\$ 17,396,381</u>	-1.6%

#### Long-Term Debt

At year-end, the District had \$4.2 million in general obligation bonds outstanding and \$41.7 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 2023	Fiscal Year 2022	Percent Change
Category:			
General obligation bonds	\$ 4,169,422	\$ 5,042,457	-17.3%
Net pension liability	1,353,797	-	
Compensated absences	238,800	235,075	1.6%
Other postemployment benefit obligation	40,095,856	38,011,194	5.5%
	<u>\$ 45,857,875</u>	<u>\$ 43,288,726</u>	5.9%

#### FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The financial outlook for Cherry Valley-Springfield Central School continues to be stable. In the long term, state and federal funding will be predominating factors that drive budget decisions for the next few years. The district continuously monitors the changes that take place in the market and within the state and federal government. We work to ensure that educating our students is our primary goal as well as being fiscally responsible.

The district is focused on managing costs, promoting student learning, and supporting the social and emotional wellbeing of our students and staff.

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.

## **CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited) June 30, 2023**

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#### **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, 2023**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 2,237,793
Cash and cash equivalents - restricted	5,503,302
Investments - restricted	3,090
Accounts receivable	47,714
Due from Federal and State governments	420,701
Prepaid expenses	249,271
Inventory	8,578
Total current assets	<u>8,470,449</u>

**NON-CURRENT ASSETS:**

Capital assets, nondepreciable	2,948,901
Capital assets, depreciable, net	<u>14,176,351</u>
Total noncurrent assets	<u>17,125,252</u>
Total assets	<u>25,595,701</u>

**DEFERRED OUTFLOWS OF RESOURCES:**

Pension related - TRS	2,367,257
Pension related - ERS	625,076
OPEB related	6,225,380
Amounts deferred in refunding	<u>131,665</u>
Total deferred outflows of resources	<u>9,349,378</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

**CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	121,070
Unearned revenue	150
Bond anticipation note payable	727,000
Due to Teachers' Retirement System	470,842
Due to Employees' Retirement System	<u>36,268</u>
Total current liabilities	<u>1,355,330</u>

**LONG-TERM LIABILITIES:**

Due and payable within one year -	
Bonds payable	<u>795,000</u>
Due and payable after one year -	
Net pension liability - ERS	930,008
Net pension liability - TRS	423,789
Total other postemployment benefits	40,095,856
Compensated absences	238,800
Bonds payable, net of current portion	<u>3,374,422</u>
Total long-term liabilities due and payable after one year	<u>45,062,875</u>
Total long-term liabilities	<u>45,857,875</u>
Total liabilities	<u>47,213,205</u>

**DEFERRED INFLOWS OF RESOURCES:**

Pension related - TRS	290,961
Pension related - ERS	52,123
OPEB related	<u>13,514,548</u>
Total deferred inflows of resources	<u>13,857,632</u>

**NET POSITION**

Net investment in capital assets	12,360,495
Restricted	6,416,498
Unrestricted	<u>(44,902,751)</u>
Total net position	<u>\$ (26,125,758)</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, 2023

		Program Revenue				Net (Expense)
	Expenses	Charges for	Operating	Capital Grants		Revenue and
		Services	Grants	and		Changes in Net
				Contributions		Position
FUNCTIONS/PROGRAMS:						
General governmental support	\$ 2,804,014	\$ -	\$ -	\$ -	\$	(2,804,014)
Instruction	9,752,636	85,709	900,464	-		(8,766,463)
Pupil transportation	1,001,654	-	-	-		(1,001,654)
Interest	140,059	-	-	-		(140,059)
School lunch program	487,075	38,824	348,594	-		(99,657)
Total						
functions/programs	<u>\$ 14,185,438</u>	<u>\$ 124,533</u>	<u>\$ 1,249,058</u>	<u>\$ -</u>		<u>(12,811,847)</u>
GENERAL REVENUE:						
Real property taxes						5,437,745
Use of money and property						104,671
Sale of property and compensation for loss						2,542
Miscellaneous						340,556
Federal and State sources						<u>8,009,943</u>
Total general revenue						<u>13,895,457</u>
CHANGE IN NET POSITION						
						1,083,610
NET POSITION - beginning of year						
						<u>(27,209,368)</u>
NET POSITION - end of year						
						<u>\$ (26,125,758)</u>

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

# CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

## Balance Sheet - Governmental Funds

June 30, 2023

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,106,144	\$ -	\$ 51,543	\$ 80,106	\$ 2,237,793
Cash and cash equivalents - restricted	3,822,547	265,643	-	1,415,112	5,503,302
Investments - restricted	-	-	-	3,090	3,090
Accounts receivable	47,714	-	-	-	47,714
Due from other funds	380,586	-	118,351	216,178	715,115
Due from Federal and State governments	203,931	-	216,770	-	420,701
Prepaid expenditures	249,271	-	-	-	249,271
Inventory	-	-	-	8,578	8,578
Total assets	<u>\$ 6,810,193</u>	<u>\$ 265,643</u>	<u>\$ 386,664</u>	<u>\$ 1,723,064</u>	<u>\$ 9,185,564</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	113,046	8,024	-	-	121,070
Unearned revenue	150	-	-	-	150
Due to other funds	203,909	75,025	386,664	49,517	715,115
Due to Teachers' Retirement System	470,842	-	-	-	470,842
Due to Employees' Retirement System	36,268	-	-	-	36,268
Bond anticipation note payable	-	727,000	-	-	727,000
Total liabilities	<u>824,215</u>	<u>810,049</u>	<u>386,664</u>	<u>49,517</u>	<u>2,070,445</u>
<b>FUND BALANCES:</b>					
Nonspendable	249,271	-	-	8,578	257,849
Restricted for -					
Vehicle and equipment capital reserve	2,777,827	-	-	-	2,777,827
Retirement contribution reserve	882,933	-	-	-	882,933
Employee benefit accrued liability reserve	531,191	-	-	-	531,191
Unemployment insurance reserve	280,088	-	-	-	280,088
Repair reserve	165,947	-	-	-	165,947
Debt service reserve	-	-	-	890,796	890,796
Other	-	-	-	622,073	622,073
Capital Projects	-	265,643	-	-	265,643
Assigned to -					
Other	-	-	-	152,100	152,100
Encumbrances	58,407	-	-	-	58,407
Appropriated for subsequent year's expenditures	825,058	-	-	-	825,058
Unassigned	<u>215,256</u>	<u>(810,049)</u>	<u>-</u>	<u>-</u>	<u>(594,793)</u>
Total fund balances	<u>5,985,978</u>	<u>(544,406)</u>	<u>-</u>	<u>1,673,547</u>	<u>7,115,119</u>
Total liabilities and fund balances	<u>\$ 6,810,193</u>	<u>\$ 265,643</u>	<u>\$ 386,664</u>	<u>\$ 1,723,064</u>	<u>\$ 9,185,564</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, 2023

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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	\$ 7,115,119
Capital assets used in governmental activities are not financial resources and are not reported in the funds	17,125,252
Deferred outflows/inflows of resources related to debt, pensions and OPEB are applicable to future periods and are not reported in the funds	
Deferred outflows - OPEB	6,225,380
Deferred inflows - OPEB	(13,514,548)
Deferred outflows - ERS/TRS	2,992,333
Deferred inflows - ERS/TRS	(343,084)
Deferred outflows - Refunding	131,665
The net pension assets are long-term in nature and are not reported in the funds:	
Net pension asset - ERS	(930,008)
Net pension asset - TRS	(423,789)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds	
Bonds payable, net of premium	(4,169,422)
Total other postemployment benefits	(40,095,856)
Compensated absences	<u>(238,800)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (26,125,758)</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, 2023**

	General	Capital Projects	Special Aid	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE:</b>					
Real property taxes	\$ 5,430,445	\$ -	\$ -	\$ -	\$ 5,430,445
Charges for services	85,709	-	-	-	85,709
Use of money and property	99,654	-	-	5,017	104,671
Sale of property and compensation for loss	2,542	-	-	-	2,542
Miscellaneous	233,178	-	10,700	96,678	340,556
State sources	8,009,943	-	149,373	19,642	8,178,958
Federal sources	-	-	757,940	328,952	1,086,892
Sales	-	-	-	38,824	38,824
Total revenue	<u>13,861,471</u>	<u>-</u>	<u>918,013</u>	<u>489,113</u>	<u>15,268,597</u>
<b>EXPENDITURES:</b>					
General support	1,777,370	-	-	-	1,777,370
Instruction	5,869,076	-	904,679	-	6,773,755
Pupil transportation	643,282	-	13,334	-	656,616
Employee benefits	3,851,186	-	-	59,797	3,910,983
Community service	-	-	-	103,263	103,263
Cost of sales	-	-	-	386,073	386,073
Capital outlays	-	614,255	-	-	614,255
Debt service -					
Principal	-	-	-	950,000	950,000
Interest	-	-	-	214,206	214,206
Total expenditures	<u>12,140,914</u>	<u>614,255</u>	<u>918,013</u>	<u>1,713,339</u>	<u>15,386,521</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>1,720,557</u>	<u>(614,255)</u>	<u>-</u>	<u>(1,224,226)</u>	<u>(117,924)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on obligations	-	-	-	451	451
BAN's redeemed from appropriations	-	195,000	-	-	195,000
Transfers in	-	395,000	-	1,176,650	1,571,650
Transfers (out)	<u>(1,571,650)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,571,650)</u>
Total other financing sources (uses)	<u>(1,571,650)</u>	<u>590,000</u>	<u>-</u>	<u>1,177,101</u>	<u>195,451</u>
CHANGE IN FUND BALANCES	<u>148,907</u>	<u>(24,255)</u>	<u>-</u>	<u>(47,125)</u>	<u>77,527</u>
FUND BALANCES - beginning of year	<u>5,837,071</u>	<u>(520,151)</u>	<u>-</u>	<u>1,720,672</u>	<u>7,037,592</u>
FUND BALANCES - end of year	<u>\$ 5,985,978</u>	<u>\$ (544,406)</u>	<u>\$ -</u>	<u>\$ 1,673,547</u>	<u>\$ 7,115,119</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, 2023

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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	\$ 77,527
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	614,255
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(885,384)
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.	755,000
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.	74,147
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	(1,260,555)
Deferred outflows of resources	(43,675)
Deferred inflows of resources	1,096,100
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	(3,988,349)
Deferred outflows of resources	200,384
Deferred inflows of resources	3,715,010
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	(2,084,662)
Deferred outflows of resources	(1,761,517)
Deferred inflows of resources	4,579,054
Certain expenses in the statement of activities do not require the use of current resources and are not reported as expenditures in the governmental funds.	
Change in compensated absences	<u>(3,725)</u>
Change in net position - governmental activities	<u>\$ 1,083,610</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, 2023

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#### 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 \$1,475,190 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$432,618.

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, 2023

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## 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.
- **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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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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 leases are reported as other financing sources.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### **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, 2023 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, 2023

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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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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, 2023

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#### 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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### **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.

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. Nonspendable fund balance includes prepaid expenditures and inventories.

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 restricted fund balance related to the District's current capital projects. The scholarship fund has restricted fund balance related to scholarships. The extraclassroom activities fund has restricted fund balance related to extraclassroom activities. The District has available the following restricted fund balances:

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### 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.

#### 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, 2023, \$125,635 is reserved under the TRS Reserve Sub Fund.



## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### 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.

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, 2023.

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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### **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.

### **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.

#### **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**

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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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.

#### **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, 2023.

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.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### 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 \$(544,406). 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.

#### 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, 2023, the reported amount of the District's deposits was \$7,741,095 and the bank balance was \$8,027,480. Of the bank balance \$500,000 was covered by federal depository insurance, and \$7,527,480 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 \$5,503,302 within the governmental funds.

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2023

#### 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	2,459,281	339,620	-	2,798,901
Total nondepreciable cost	<u>2,609,281</u>	<u>339,620</u>	<u>-</u>	<u>2,948,901</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	2,801,315	274,635	(228,866)	2,847,084
Total depreciable historical cost	<u>31,936,932</u>	<u>274,635</u>	<u>(228,866)</u>	<u>31,982,701</u>
Less accumulated depreciation:				
Land improvements	794,001	-	-	794,001
Buildings and improvements	14,452,458	636,333	-	15,088,791
Machinery, equipment and vehicles	1,903,373	249,051	(228,866)	1,923,558
Total accumulated depreciation	<u>17,149,832</u>	<u>885,384</u>	<u>(228,866)</u>	<u>17,806,350</u>
Total depreciable cost - net	<u>14,787,100</u>	<u>(610,749)</u>	<u>-</u>	<u>14,176,351</u>
Total capital assets, net	<u>\$ 17,396,381</u>	<u>\$ (271,129)</u>	<u>\$ -</u>	<u>\$ 17,125,252</u>

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

General support	\$ 599,716
Instruction	194,128
Pupil transportation	<u>91,540</u>
Total depreciation	<u>\$ 885,384</u>

#### 7. SHORT-TERM DEBT

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.

# CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

## Notes to Basic Financial Statements

June 30, 2023

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

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
2022 BAN	8/11/2023	3.15%	\$ -	\$ 277,000	\$ -	\$ 277,000
2023 BAN	7/11/2024	3.95%		\$ 450,000	\$ -	\$ 450,000
2021 BAN	8/12/2022	0.28%	645,000	-	(645,000)	-
			<u>\$ 645,000</u>	<u>\$ 727,000</u>	<u>\$ (645,000)</u>	<u>\$ 727,000</u>

## 8. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$ 380,586	\$ 203,909	\$ -	\$ 1,571,650
Capital Projects	-	75,025	395,000	-
School Lunch	121,511	49,517	-	-
Special Aid	118,351	386,664	-	-
Debt Service	94,667	-	1,176,650	-
Total	<u>\$ 715,115</u>	<u>\$ 715,115</u>	<u>\$ 1,571,650</u>	<u>\$ 1,571,650</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.

## 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	\$ 4,350,000	\$ -	\$ 755,000	\$ 3,595,000	\$ 795,000
Unamortized bond premium	692,457	-	118,035	574,422	-
Total bonds	<u>\$ 5,042,457</u>	<u>\$ -</u>	<u>\$ 873,035</u>	<u>\$ 4,169,422</u>	<u>\$ 795,000</u>
Other liabilities:					
Compensated absences {a}	<u>\$ 235,075</u>	<u>\$ 3,725</u>	<u>\$ -</u>	<u>\$ 238,800</u>	<u>\$ -</u>

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

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2023

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Interest on all debt for the year was composed of:

Interest paid	\$ 214,206
Less: Amortization of bond premium	(118,035)
Plus: Amortization of deferred outflow on refunding	43,888
Total interest expense	<u>\$ 140,059</u>

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

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>6/30/23 Balance</u>
2016 Serial Bonds	7/29/2016	7/30/2031	2.00%	\$ 645,000
2021 Serial Bonds	6/16/2021	6/15/2036	4.00%	1,300,000
Serial Bonds Refunding	11/9/2017	6/15/2026	5.00%	<u>1,650,000</u>
Total bond issue				<u>\$ 3,595,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	795,000	175,400	970,400
2025	830,000	136,450	966,450
2026	490,000	115,750	605,750
2027	170,000	72,050	242,050
2028-2032	870,000	222,750	1,092,750
2033-2036	<u>440,000</u>	<u>42,000</u>	<u>482,000</u>
Total	<u>\$ 3,595,000</u>	<u>\$ 764,400</u>	<u>\$ 4,359,400</u>

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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#### 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](http://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.

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
2023	\$ 140,130
2022	\$ 190,513
2021	\$ 178,812

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

At June 30, 2023, the District reported a net pension liability of \$930,008 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2022, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2021. 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, 2023, the District's proportionate share was .0040436% percent, which was a decrease of .0082304% from its proportionate share measured at March 31, 2022.



## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$342,652. At June 30, 2023, 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	\$ 99,053	\$ 26,118
Changes of assumptions	451,672	4,992
Net difference between projected and actual earnings on pension plan investments	-	5,464
Changes in proportion and differences between the District's contributions and proportionate share of contributions	38,083	15,549
Contributions subsequent to the measurement date	36,268	-
Total	<u>\$ 625,076</u>	<u>\$ 52,123</u>

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:

2024	\$ 129,325
2025	(39,423)
2026	191,194
2027	255,589
	<u>\$ 536,685</u>

The District recognized \$36,268 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

### Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.9%
Salary scale	4.4% indexed by service
Projected COLAs	1.5% compounded annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through April 1, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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.

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	4.30
International Equity	15.0	6.85
Private Equity	10.0	7.50
Real Estate	9.0	4.60
Opportunistic Portfolio	3.0	5.38
Credit	4.0	5.43
Real Asset	3.0	5.84
Fixed Income	23.0	1.50
Cash	<u>1.0</u>	0.00
	<u>100%</u>	

#### 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)	\$ 2,247,430	\$ 930,008	\$ (170,852)

#### Pension Plan Fiduciary Net Position (000's)

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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The components of the collective net pension liability of the participating employers as of March 31, 2022, were as follows:

Total pension liability	\$ 232,627,259
Net position	<u>(211,183,223)</u>
Net pension liability (asset)	<u>\$ 21,444,036</u>

ERS net position as a percentage of total pension liability	<u>90.78%</u>
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#### ***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](http://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.

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:

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2023

	<u>TRS</u>
2023	\$ 383,382
2022	\$ 332,727
2021	\$ 311,523

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

At June, 30, 2023, the District reported net pension liability of \$423,789 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2021. 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, 2022 the District's proportionate share was 0.020570%, which was a decrease of 0.0001450% from its proportionate share measured at June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$520,860. At June 30, 2023 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	\$ 444,035	\$ 8,491
Changes of assumptions	822,001	170,698
Net difference between projected and actual earnings on pension plan investments	547,523	
Changes in proportion	82,855	111,772
Contributions subsequent to the measurement date	470,842	-
Total	<u>\$ 2,367,256</u>	<u>\$ 290,961</u>

The District recognized \$470,842 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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Plan's Year Ended June 30:

2024	308,511
2025	158,226
2026	(61,998)
2027	1,076,913
2028	125,847
Thereafter	(2,046)
	<u>\$ 1,605,453</u>

#### Actuarial Assumptions

The total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2023. These actuarial valuations used the following actuarial assumptions:

Actuarial Cost Method	Entry Normal Age
Inflation	2.40%
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	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. Active member mortality rates are based on plan member experience. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions and has updated the mortality improvement assumption as of June 30, 2022.

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, 2022 are summarized in the following table:

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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Asset Type	Target	Long-Term Expected Real Rate of Return in %
	Allocations in %	
Domestic Equity	33.0	6.5
International Equity	16.0	7.2
Global Equity	4.0	6.9
Real Estate Equity	11.0	6.2
Private Equity	8.0	9.9
Domestic Fixed Income	16.0	1.1
Global Bonds	2.0	0.6
Private Debt	1.0	5.3
Real Estate Debt	7.0	2.4
High-Yield Bonds	1.0	3.3
Cash Equivalents	1.0	-0.3
	<u>100.0</u>	

Real rates of return are net of the long-term inflation assumption of 2.40% for 2021.

#### Discount Rate

The discount rate used to measure the total pension liability was 6.95%. 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, 2023

#### 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 6.95%, 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 (5.95 percent) or 1% higher (7.95 percent) than the current rate:

	1% Decrease 5.95%	Current Discount 6.95%	1% Increase 7.95%
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 3,907,165</u>	<u>\$ 423,789</u>	<u>\$ (2,501,781)</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, 2021, were as follows:

Total pension liability	\$ 133,883,474
Net position	<u>131,964,582</u>
Net pension liability (asset)	<u>\$ 1,918,892</u>
NYSTRS net position as a percentage of total pension	98.6%

## 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, 2023

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#### Employees Covered by Benefit Terms

At July 1, 2021 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	171
Active employees	<u>88</u>
Total participants	<u>259</u>

#### Total OPEB Liability

The District's total OPEB liability of \$40,095,856 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 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	2.40 percent
Discount Rate	3.54 percent as of June 30, 2022; 3.65 percent as of June 30, 2023
Medical Trend Rate	5.1 percent, decreasing to 4.1 percent through 2074
Cost Method	Entry Age Normal
Mortality	PubT-2010 Headcount-Weighted Mortality Table for Teaching positions, PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, generationally projected using MP-2021 Ultimate Scale

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2021.

#### Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 38,011,194</u>
Changes for the Year-	
Service cost	1,098,497
Interest	1,357,994
Effect of plan changes	-
Changes in actual and expected	-
Changes in assumptions or other inputs	1,137,845
Benefit payments	<u>(1,509,674)</u>
Net changes	<u>2,084,662</u>
Balance at June 30, 2023	<u>\$ 40,095,856</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.



## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

#### 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 3.54%, 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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease	Current Discount 3.65%	1% Increase
Total OPEB Liability	<u>\$ 46,326,302</u>	<u>\$ 40,095,856</u>	<u>\$ 35,044,557</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 (4.10%) or 1 percentage point higher (6.10%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 34,149,572</u>	<u>\$ 40,095,856</u>	<u>\$ 47,641,718</u>

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

For the year ended June 30, 2023 the District recognized OPEB expense of \$1,007,173. At June 30, 2023, 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	\$ 46,021	\$ (9,824,012)
Changes of assumptions	<u>6,179,359</u>	<u>(3,690,536)</u>
Total	<u>\$ 6,225,380</u>	<u>\$ (13,514,548)</u>

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2023

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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>
2024	\$ (1,076,281)
2025	(1,122,304)
2026	(3,468,433)
2027	(1,644,460)
2028	<u>22,310</u>
	<u>\$ (7,289,168)</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, 2023**

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#### **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, 2023 the District incurred premiums or contribution expenditures totaling \$58,667.

#### **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 2022-2023 fiscal year totaled zero. The balance of the reserve at June 30, 2023 is \$280,088 and is recorded in the General fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2023 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, 2023**

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#### **14. SUBSEQUENT EVENTS**

On August 10, 2023, the District issued a Bond Anticipation Note in the amount of \$760,000 with an interest rate of 4.05%.

**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, 2023**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
<b>REVENUE</b>					
Real property taxes	\$ 5,432,104	\$ 5,432,104	\$ 5,430,445	\$ -	\$ (1,659)
Charges for services	75,000	75,000	85,709	-	10,709
Use of money and property	1,000	1,000	99,654	-	98,654
Sale of property and compensation for loss	500	500	2,542	-	2,042
Miscellaneous	129,000	129,000	233,178	-	104,178
Federal and State sources	8,044,859	8,044,859	8,009,943	-	(34,916)
Total revenue	<u>13,682,463</u>	<u>13,682,463</u>	<u>13,861,471</u>	<u>-</u>	<u>179,008</u>
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	19,200	20,119	19,272	464	383
Central administration	190,215	190,426	192,659	-	(2,233)
Finance	208,984	212,637	208,736	1,857	2,044
Staff	46,035	52,139	46,203	483	5,453
Central services	1,023,033	1,133,190	1,090,829	7,906	34,455
Special items	218,827	227,077	219,671	-	7,406
Total general support	<u>1,706,294</u>	<u>1,835,588</u>	<u>1,777,370</u>	<u>10,710</u>	<u>47,508</u>
INSTRUCTION:					
Instruction, administration, and improvement	251,900	256,703	254,471	379	1,853
Teaching - regular school	2,887,365	2,726,521	2,486,801	18,672	221,048
Programs for special needs children	1,946,971	1,988,423	1,849,267	19,756	119,400
Occupational education	547,781	547,936	544,879	198	2,859
Teaching - special school	37,000	32,600	23,230	-	9,370
Instructional media	252,075	263,411	247,040	1,101	15,270
Pupil services	491,852	521,704	463,388	6,403	51,913
Total instruction	<u>6,414,944</u>	<u>6,337,298</u>	<u>5,869,076</u>	<u>46,509</u>	<u>421,713</u>
Pupil transportation	763,439	878,191	643,282	668	234,241
Community services	1,500	1,500	-	-	1,500
Employee benefits	4,138,636	4,108,636	3,851,186	-	257,450
Total expenditures	<u>13,024,813</u>	<u>13,161,213</u>	<u>12,140,914</u>	<u>57,887</u>	<u>962,412</u>
Excess (deficiency) of revenue over expenditures	<u>657,650</u>	<u>521,250</u>	<u>1,720,557</u>	<u>(57,887)</u>	<u>1,141,420</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	(1,186,650)	(1,186,650)	(1,571,650)	-	(385,000)
Total other financing sources	<u>(1,186,650)</u>	<u>(1,186,650)</u>	<u>(1,571,650)</u>	<u>-</u>	<u>(385,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (529,000)</u>	<u>\$ (665,400)</u>	<u>148,907</u>	<u>\$ (57,887)</u>	<u>\$ 756,420</u>
FUND BALANCE - beginning of year			<u>5,837,071</u>		
FUND BALANCE - end of year			<u>\$ 5,985,978</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, 2023

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 1,098,497	\$ 1,365,901	\$ 2,416,337	\$ 1,117,375						
Interest	1,357,994	1,247,269	1,239,961	1,441,241						
Changes of benefit terms	-	296,801	-	(1,292,824)						
Differences between expected and actual experience		(14,743,843)	-	(1,324,703)						
Changes in assumptions	1,137,845	(5,799,414)	479,578	15,139,899						
Benefit payments	(1,509,674)	(1,459,314)	(1,437,331)	(1,460,797)						
<b>Total change in total OPEB liability</b>	<b>2,084,662</b>	<b>(19,092,600)</b>	<b>2,698,545</b>	<b>13,620,191</b>						
<b>Total OPEB liability - beginning</b>	<b>38,011,194</b>	<b>57,103,794</b>	<b>54,405,249</b>	<b>40,785,058</b>						
<b>Total OPEB liability - ending</b>	<b>\$ 40,095,856</b>	<b>\$ 38,011,194</b>	<b>\$ 57,103,794</b>	<b>\$ 54,405,249</b>						
 Covered-employee payroll	 4,261,435	 4,261,435	 4,330,887	 4,330,877						
 Total OPEB liability as a percentage of covered- employee payroll	 940.90%	 891.98%	 1318.52%	 1256.22%						

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

Notes to schedule:

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following reflects the discount rate used each period:

Discount rate	3.65%	3.54%	2.16%	2.21%
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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, 2023**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.4336900%	0.0040436%	0.0041868%	0.0038744%	0.0043525%	0.0038745%	0.0037589%			
Proportionate share of the net pension liability (asset)	\$ 930	\$ (331)	\$ 4	\$ 1,025	\$ 308	\$ 125	\$ 353			
Covered-employee payroll	\$ 1,275	\$ 1,233	\$ 1,277	\$ 1,201	\$ 1,163	\$ 1,024	\$ 1,010			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.93%	-26.86%	0.31%	85.35%	26.48%	12.21%	34.95%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%			

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)									
<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	2.2083000%	0.0205700%	0.0207150%	0.0221490%	0.0230840%	0.0217890%	0.0218750%			
Proportionate share of the net pension liability (asset)	\$ 424	\$ (3,565)	\$ 572	\$ (575)	\$ (417)	\$ (166)	\$ 234			
Covered-employee payroll	\$ 3,912	\$ 3,386	\$ 3,516	\$ 3,546	\$ 3,690	\$ 4,866	\$ 3,453			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.84%	-105.27%	16.27%	-16.21%	-11.30%	-3.41%	6.78%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%			

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, 2023

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 140	\$ 191	\$ 179	\$ 169	\$ 163	\$ 150	\$ 146	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.		
Contributions in relation to the contractually required contribution	<u>140</u>	<u>191</u>	<u>179</u>	<u>169</u>	<u>163</u>	<u>150</u>	<u>146</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 1,275	\$ 1,233	\$ 1,277	\$ 1,201	\$ 1,163	\$ 1,024	\$ 1,010			
Contributions as a percentage of covered-employee payroll	10.98%	15.49%	14.02%	14.07%	14.02%	14.65%	14.46%			

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 383	\$ 333	\$ 312	\$ 393	\$ 368	\$ 404	\$ 405	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.		
Contributions in relation to the contractually required contribution	<u>383</u>	<u>333</u>	<u>312</u>	<u>393</u>	<u>368</u>	<u>404</u>	<u>405</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 3,912	\$ 3,386	\$ 3,546	\$ 3,690	\$ 4,866	\$ 3,453	\$ 2,122			
Contributions as a percentage of covered-employee payroll	9.79%	9.83%	8.80%	10.65%	7.56%	11.70%	19.09%			

## **SUPPLEMENTARY INFORMATION**

# CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

## Supplementary Information

### Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2023

	School Lunch	Scholarship	Extraclassroom Activities	Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 80,106	\$ -	\$ -	\$ -	\$ 80,106
Cash and cash equivalents - restricted	-	541,191	77,792	796,129	1,415,112
Investments - restricted	-	3,090	-	-	3,090
Due from other funds	121,511	-	-	94,667	216,178
Inventory	8,578	-	-	-	8,578
Total assets	<u>\$ 210,195</u>	<u>\$ 544,281</u>	<u>\$ 77,792</u>	<u>\$ 890,796</u>	<u>\$ 1,723,064</u>
<b>LIABILITIES</b>					
Due to other funds	<u>49,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,517</u>
Total liabilities	<u>49,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,517</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 8,578	\$ -	\$ -	\$ -	\$ 8,578
Restricted	-	544,281	77,792	890,796	1,512,869
Assigned to - Other	<u>152,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,100</u>
Total fund balances	<u>160,678</u>	<u>544,281</u>	<u>77,792</u>	<u>890,796</u>	<u>1,673,547</u>
Total fund balances	<u>\$ 160,678</u>	<u>\$ 544,281</u>	<u>\$ 77,792</u>	<u>\$ 890,796</u>	<u>\$ 1,723,064</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, 2023

	School Lunch	Scholarship	Extraclassroom Activities	Debt Service	Total Nonmajor Governmental Funds
REVENUE:					
Use of money and property	\$ 17	\$ (407)	\$ -	\$ 5,407	\$ 5,017
Miscellaneous	-	7,300	89,378	-	96,678
State sources	19,642	-	-	-	19,642
Federal sources	328,952	-	-	-	328,952
Sales	38,824	-	-	-	38,824
Total revenue	387,435	6,893	89,378	5,407	489,113
EXPENDITURES:					
Employee benefits	59,797	-	-	-	59,797
Community services	-	11,150	92,113	-	103,263
Cost of sales	386,073	-	-	-	386,073
Debt service -		-			
Principal	-	-	-	950,000	950,000
Interest	-	-	-	214,206	214,206
Total expenditures	445,870	11,150	92,113	1,164,206	1,713,339
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(58,435)	(4,257)	(2,735)	(1,158,799)	(1,224,226)
OTHER FINANCING SOURCES (USES):					
Premium on obligations	-	-	-	451	451
Transfers in	-	-	-	1,176,650	1,176,650
Total other financing sources (uses)	-	-	-	1,177,101	1,177,101
CHANGE IN FUND BALANCES	(58,435)	(4,257)	(2,735)	18,302	(47,125)
FUND BALANCE - beginning of year	219,113	548,538	80,527	872,494	1,720,672
FUND BALANCES - end of year	\$ 160,678	\$ 544,281	\$ 77,792	\$ 890,796	\$ 1,673,547

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, 2023

#### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$	14,211,463
Add: Prior year's encumbrances		<u>136,921</u>
Original and final budget	\$	<u><u>14,348,384</u></u>

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

2023-2024 voter-approved expenditure budget	\$	14,211,463	
Maximum allowed (4% of 2023-2024 budget)			\$ 568,459

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

Assigned fund balance	883,465
Unassigned fund balance	<u>215,256</u>
Total unrestricted fund balance	<u>1,098,721</u>

Less:

Appropriated fund balance	586,324
Encumbrances included in assigned fund balance	<u>58,407</u>

Total adjustments	<u>\$ 644,731</u>
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General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 453,990</u>
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Actual percentage	<u><u>3.19%</u></u>
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CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

Other Information

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)

For the Year Ended June 30, 2023

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 6/30/22
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	\$ 494,050	\$ -
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	2,225,564	22,896	2,248,460	851,540	1,490,000	-	663,861	2,153,861	-	(94,599)
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	384,959	88,272	473,231	145,291	-	442,326	-	442,326	-	(30,905)
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	20,000	-	120,747	140,747	64,404	(20,000)
2019 Bus	170,000	170,000	166,846	-	166,846	3,154	189,760	-	35,000	224,760	127,914	(70,000)
2020 Buses	254,890	254,890	254,889	-	254,889	1	267,410	-	71,890	339,300	219,411	(135,000)
BAN renewal payments from old bus purchase (2016-2017)	-	-	-	-	-	-	35,000	-	35,000	70,000	70,000	-
2020/2021 Buses	275,874	275,874	274,754	-	274,754	1,120	54,754	-	-	54,754	-	(220,000)
2020/2021 Equipment	80,000	80,000	67,147	-	67,147	12,853	-	-	80,000	80,000	12,853	-
2021/2022 Buses	200,000	200,000	-	189,647	189,647	10,353	-	-	-	-	-	(189,647)
	<u>\$ 15,858,473</u>	<u>\$ 15,858,473</u>	<u>\$ 14,552,466</u>	<u>\$ 300,815</u>	<u>\$ 14,853,281</u>	<u>\$ 1,005,192</u>	<u>\$ 11,952,274</u>	<u>\$ 1,254,248</u>	<u>\$ 1,612,942</u>	<u>\$ 14,819,464</u>	<u>\$ 486,334</u>	<u>\$ (520,151)</u>

## CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

### Other Information

#### Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2023

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Capital assets, net	\$ 17,125,252
Addition:	
Deferred amounts on refunding	131,665
Deduct:	
Premiums on bonds payable	(574,422)
Bond anticipation notes payable	(727,000)
Short-term portion of bonds payable	(795,000)
Long-term portion of bonds payable	<u>(2,800,000)</u>
Net investment in capital assets	<u>\$ 12,360,495</u>



**REQUIRED REPORTS UNDER  
UNIFORM GUIDANCE**

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

October 19, 2023

To the Board of Education  
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, 2023, 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 19, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

**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***

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 19, 2023

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

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

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

We have audited the Cherry Valley-Springfield Central School District’s (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

# CHERRY VALLEY-SPRINGFIELD CENTRAL SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards June 30, 2023

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	\$ 21,191
Passed through New York State Department of Education -			
National School Lunch Program	10.555	N/A	194,555
School Breakfast Program	10.553	N/A	113,206
<i>Total Passed through New York State Department of Education</i>			<u>307,761</u>
<i>Subtotal Child Nutrition Cluster</i>			<u>328,952</u>
Total U.S. Department of Agriculture			<u>328,952</u>
U.S. Department of Education:			
Passed through New York State Department of Education -			
Title I Grants to Local Educational Agencies	84.010	0021-22-2430	<u>184,871</u>
ESEA TITLE II Part A, Improving Teacher Quality grant	84.367	0147-22-2430	<u>21,465</u>
Student Support and Academic Enrichment Program	84.424	0204-22-2430	<u>12,933</u>
Small, Rural School Achievement Program	84.358	S358A2025483	<u>20,295</u>
Special Education Cluster (IDEA)-			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-22-0734	148,214
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-22-0734	<u>5,392</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>153,606</u>
Emergency Relief			
Education Stabilization Fund -			
COVID-19: Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	5891-21-2430	82,011
COVID-19: American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP)	84.425U	5880-21-2430	<u>240,496</u>
<i>Total Education Stabilization Fund</i>			<u>322,507</u>
<i>Total Passed through New York State Department of Education</i>			<u>715,677</u>
Total U.S. Department of Education			<u>715,677</u>

Federal Grantor / Pass Through Grantor/Program or Cluster Title	Assistance Listing	Pass Through Entity Identifying Number	Federal Expenditures
U.S Department of Health and Human Services			
Passed through Otsego-Northern Catskills BOCES			
ELC Repoeing Schools Fund Grant	93.323	N/A	<u>42,263</u>
Total U.S. Department of Education			<u>42,263</u>
Total Expenditures of Federal Awards			<u>\$ 1,086,892</u>
<u>Total Program Expenditures by Assistance Listing</u>			
National School Lunch Program	10.555		<u>\$ 215,746</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, 2023

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#### 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, 2023. 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, 2023, the District received food commodities, the fair value of which amounted to \$21,191, 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, 2023

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#### 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, 2023 were as follows:

##### **U.S. Department of Education**

COVID-19 - Education Stabilization Fund

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

Elementary and Secondary School Emergency Relief (ARP) Fund (84.425U)

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