

**CHENANGO VALLEY
CENTRAL SCHOOL DISTRICT**

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2023**



CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Chenango Valley Central School District
Binghamton, New York

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 Chenango Valley Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 26, 2023

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The following is a discussion and analysis of the Chenango Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental 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. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year; the Schedule of School District's Contributions; the School District's Proportionate Share of the Net Pension (Asset)/Liability; and a Schedule of Changes in the School District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for other postemployment benefits.

District-Wide Financial Statements

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

The two District-wide financial statements report the School District's net assets and how they have changed. Net position (the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

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

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 14,834,199	\$ 5,450,543	\$ 9,383,656
<i>Noncurrent Assets</i>	9,198,162	22,886,611	(13,688,449)
<i>Capital Assets, Net</i>	56,264,957	51,808,241	4,456,716
<i>Total Assets</i>	80,297,318	80,145,395	151,923
<i>Total Deferred Outflows of Resources</i>	24,604,331	30,789,323	(6,184,992)
<i>Current Liabilities</i>	16,036,972	9,001,334	7,035,638
<i>Noncurrent Liabilities</i>	103,565,689	121,031,936	(17,466,247)
<i>Total Liabilities</i>	119,602,661	130,033,270	(10,430,609)
<i>Total Deferred Inflows of Resources</i>	40,900,342	42,332,560	(1,432,218)
<i>Net Investment in Capital Assets</i>	34,129,494	30,626,532	3,502,962
<i>Restricted</i>	10,224,012	9,733,223	490,789
<i>Unrestricted (Deficit)</i>	(99,954,860)	(101,790,867)	1,836,007
<i>Total Net (Deficit)</i>	\$ (55,601,354)	\$ (61,431,112)	\$ 5,829,758

Significant changes from the prior year are as follows:

- Current assets and current liabilities increased primarily due to the issuance of short-term debt and the unspent portion that remained as of year-end.
- Noncurrent assets decreased largely from the School District's net pension asset in the prior year converting to a net pension liability in the current year.
- The School District experienced a reduction in its other postemployment benefits liability (OPEB) due to changes in actuarial assumptions, which lead to a reduction in noncurrent liabilities.
- Deferred outflows and inflows of resources decreased due to changes in actuarial assumptions related to the NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the School District's OPEB plan.
- The School District invested significant funds in its capital outlay, which resulted in an increase in capital assets, net as well as net investment in capital assets.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 418,705	\$ 315,196	\$ 103,509
<i>Operating Grants and Contributions</i>	3,817,545	4,918,102	(1,100,557)
<i>Capital Grants and Contributions</i>	1,231,400	194,537	1,036,863
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	17,922,095	17,406,150	515,945
<i>Real Property Tax Items</i>	3,197,159	3,338,935	(141,776)
<i>State Sources</i>	21,950,050	19,688,837	2,261,213
<i>Use of Money and Property</i>	402,651	8,540	394,111
<i>Other General Revenues</i>	953,709	1,511,558	(557,849)
<i>Total Revenues</i>	\$ 49,893,314	\$ 47,381,855	\$ 2,511,459
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 6,693,052	\$ 6,222,263	\$ 470,789
<i>Instruction</i>	33,511,299	33,460,641	50,658
<i>Pupil Transportation</i>	1,724,247	1,692,898	31,349
<i>Community Services</i>	8,536	1,364	7,172
<i>School Lunch Program</i>	1,311,826	1,293,842	17,984
<i>Interest on Debt</i>	814,596	489,383	325,213
<i>Total Expenses</i>	44,063,556	43,160,391	903,165
<i>CHANGE IN NET POSITION</i>	\$ 5,829,758	\$ 4,221,464	\$ 1,608,294

Significant changes from the prior year are as follows:

- The School District received increases in basic state aid via New York State, causing the increase in state sources.
- Changes in the School District's pension and OPEB obligations caused an overall increase in total expenses.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the change in total fund balances for the year for the School District's Governmental Funds. Total fund balances (deficit) decreased by 14.19%. The change is primarily due to short-term financing within the Capital Projects Fund.

Figure 3

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 11,464,933	\$ 9,504,084	\$ 1,960,849
<i>Capital Projects Fund</i>	(2,626,347)	2,235,822	(4,862,169)
<i>Non-Major Funds</i>	627,210	(708,273)	1,335,483
<i>Total Governmental Funds (Deficit)</i>	\$ 9,465,796	\$ 11,031,633	\$ (1,565,837)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Education approved budgetary transfers that revised the School District's budget line items. These budget amendments consisted of budget transfers between functions and \$28,801 in budget adjustments.

The School District received more revenue than budgeted, primarily due to use of money and property. Expenditures and other financing uses were less than budget (with carryover encumbrances) by \$2,541,407. This is primarily due to lower than expected costs related to teaching, such as regular school, programs for children with handicapping conditions, employee benefits, and pupil transportation.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4

<i>Condensed Budgetary Comparison General Fund - 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 20,928,766	\$ 17,948,752	\$ 17,922,095	\$ (26,657)
<i>Other Tax Items</i>	229,182	3,209,196	3,197,159	(12,037)
<i>State Sources</i>	21,822,489	21,822,489	21,951,519	129,030
<i>Other, Including Other Financing Sources</i>	842,000	859,703	1,454,710	595,007
Total Revenues and Other Financing Sources	\$ 43,822,437	\$ 43,840,140	\$ 44,525,483	\$ 685,343
Appropriated Fund Balances, Reserves, and Encumbrances	\$ 1,437,954	\$ 1,449,052		
EXPENDITURES				
<i>General Support</i>	\$ 5,424,521	\$ 5,729,884	\$ 5,154,893	\$ 574,991
<i>Instruction</i>	22,001,870	21,832,099	20,786,643	1,045,456
<i>Pupil Transportation</i>	1,438,355	1,429,845	1,141,089	288,756
<i>Community Service</i>	7,900	7,900	5,131	2,769
<i>Employee Benefits</i>	11,628,500	11,054,182	10,463,123	591,059
<i>Debt Service</i>	4,622,245	5,073,471	5,035,118	38,353
<i>Other Financing Uses</i>	137,000	161,811	161,788	23
Total Expenditures and Other Financing (Uses)	\$ 45,260,391	\$ 45,289,192	\$ 42,747,785	\$ 2,541,407

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the School District had invested in a broad range of capital assets totaling \$93,428,844 offset by accumulated depreciation of \$37,666,405. In addition, the School District reported intangible lease assets of \$1,322,203, offset by accumulated amortization of \$819,685. *Figure 5* shows the changes in the School District's capital assets.

Figure 5

<i>Changes in Capital Assets and Intangible Assets</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 1,387,215	\$ 1,387,215	\$ -
<i>Construction in Progress</i>	18,262,125	13,482,529	4,779,596
<i>Buildings, Net</i>	32,901,062	34,229,697	(1,328,635)
<i>Equipment, Net</i>	3,212,037	2,405,620	806,417
<i>Intangible Lease Assets, Net</i>	502,518	303,180	199,338
Total	\$ 56,264,957	\$ 51,808,241	\$ 4,456,716

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Capital asset activity for the year ended June 30, 2023 included the following:

Construction in Progress	\$ 4,879,596
Furniture and Equipment, Buildings	1,142,163
Intangible Lease Asset	461,263
Total Additions	6,483,022
Net Book Value of Disposed Equipment and Appraisal Adjustments	287,525
(Less) Depreciation Expense	(2,051,906)
(Less) Amortization Expense	(261,925)
 Net Change in Capital Assets	 \$ 4,456,716

Debt Administration

Figure 6 shows the changes in the School District's outstanding debt, including its lease liabilities. Total indebtedness represented 30.5% of the constitutional debt limit, exclusive of building aid estimates.

Figure 6

<i>Outstanding Debt</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Bond Anticipation Notes</i>	\$ 10,201,000	\$ 1,130,000	\$ 9,071,000
<i>Bonds</i>	16,865,662	20,309,750	(3,444,088)
<i>Lease Liabilities</i>	51,724	101,340	(49,616)
<i>Total</i>	\$ 27,118,386	\$ 21,541,090	\$ 5,577,296

Additional information on the maturities and terms of the School District's outstanding obligations can be found in the notes to these financial statements.

The School District's bond rating is A+, which did not change from the prior year.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The School District will be utilizing the remaining Federal Stimulus funding (ARP-ESSER III) for a variety of initiatives which include (but not limited to): HVAC equipment upgrades that will improve ventilation systems throughout the building, hiring temporary faculty to help address learning loss, and social, emotional health screeners. This additional funding is set to expire in 2024 and the School District has a plan to step down from reliance on this funding stream as it expires.
- The School District is utilizing a combination of Capital Reserve and retiring debt to minimize local impact on a \$19,574,000 capital project. Construction started in the summer of 2023 as planned and will be completed by the end of the summer in 2024.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Chenango Valley Central School District, at 221 Chenango Bridge Road, Binghamton, NY 13901.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash - Unrestricted	\$ 4,943,976
Cash - Restricted	6,497,757
Investments - Restricted	488,368
Receivables:	
State and Federal Aid	1,409,947
Due From Other Governments	1,341,746
Other	94,383
Inventories	58,022
Total Current Assets	14,834,199

Noncurrent Assets

Restricted Cash	3,286,475
Restricted Investments	5,911,687
Capital Assets, Net:	
Land and Other Nondepreciable Capital Assets	19,649,340
Depreciable Capital Assets, Net	36,113,099
Intangible Lease Assets, Net	502,518
Total Noncurrent Assets	65,463,119

Total Assets	80,297,318
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	8,109,423
Other Postemployment Benefits	16,494,908
Total Deferred Outflows of Resources	24,604,331

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2023

LIABILITIES

Current Liabilities

Payables:

Accounts Payable	\$ 1,927,271
Accrued Liabilities	188,233
Due to Other Governments	94
Bond Interest and Matured Bonds	74,921
Bond Anticipation Notes Payable	10,201,000
Unearned Revenue	750,700
Due to Teachers' Retirement System	1,325,232
Due to Employees' Retirement System	105,827
Current Portion of Long-Term Obligations:	
Bonds Payable	1,412,831
Lease Liabilities	50,863
Total Current Liabilities	16,036,972

Noncurrent Liabilities

Bonds Payable	15,452,831
Lease Liabilities	861
Compensated Absences Payable	999,975
Other Postemployment Benefits Liability	83,662,174
Net Pension Liability - Proportionate Share	3,449,848
Total Noncurrent Liabilities	103,565,689

Total Liabilities	119,602,661
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DEFERRED INFLOWS OF RESOURCES

Pensions	656,881
Other Postemployment Benefits	40,243,461

Total Deferred Inflows of Resources	40,900,342
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NET POSITION

Net Investment in Capital Assets	34,129,494
Restricted	10,224,012
Unrestricted Net (Deficit)	(99,954,860)

Total Net (Deficit)	\$ (55,601,354)
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See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants		Capital Grants
General Support	\$ 6,693,052	\$ -	\$ -	\$ -	\$ (6,693,052)
Instruction	33,511,299	118,731	2,925,098	1,231,400	(29,236,070)
Pupil Transportation	1,724,247	-	-	-	(1,724,247)
Community Services	8,536	-	-	-	(8,536)
School Lunch Program	1,311,826	299,974	892,447	-	(119,405)
Interest on Debt	814,596	-	-	-	(814,596)
Total Functions and Programs	\$ 44,063,556	\$ 418,705	\$ 3,817,545	\$ 1,231,400	(38,595,906)

GENERAL REVENUES

Real Property Taxes	17,922,095
Real Property Tax Items	3,197,159
Use of Money and Property	402,651
State Sources	21,950,050
Sale of Property and Compensation for Loss	42,686
Miscellaneous	911,023

Total General Revenues 44,425,664

Change in Net Position 5,829,758

Total Net (Deficit) - Beginning of Year (61,431,112)

Total Net (Deficit) - End of Year **\$ (55,601,354)**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash - Unrestricted	\$ 2,301,636	\$ 2,640,054	\$ 2,286	\$ 4,943,976
Cash - Restricted	3,072,132	6,030,758	681,342	9,784,232
Investments - Restricted	5,911,687	-	488,368	6,400,055
Receivables:				
Due From Other Funds	599,382	-	21,557	620,939
State and Federal Aid	687,008	-	722,939	1,409,947
Due From Other Governments	1,341,746	-	-	1,341,746
Other	93,581	-	802	94,383
Inventories	-	-	58,022	58,022
Total Assets	\$ 14,007,172	\$ 8,670,812	\$ 1,975,316	\$ 24,653,300
LIABILITIES				
Payables:				
Accounts Payable	\$ 838,661	\$ 1,047,206	\$ 41,404	\$ 1,927,271
Accrued Liabilities	183,082	-	5,151	188,233
Due to Other Funds	21,210	48,953	550,776	620,939
Due to Other Governments	19	-	75	94
Bond Anticipation Notes Payable	-	10,201,000	-	10,201,000
Unearned Revenue	-	-	750,700	750,700
Due to Teachers' Retirement System	1,325,232	-	-	1,325,232
Due to Employees' Retirement System	105,827	-	-	105,827
Total Liabilities	2,474,031	11,297,159	1,348,106	15,119,296
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	68,208	-	-	68,208
Total Deferred Inflows of Resources	68,208	-	-	68,208
FUND BALANCES				
Nonspendable	-	-	58,022	58,022
Restricted	8,983,819	-	1,240,193	10,224,012
Assigned	683,151	-	-	683,151
Unassigned	1,797,963	(2,626,347)	(671,005)	(1,499,389)
Total Fund Balances (Deficit)	11,464,933	(2,626,347)	627,210	9,465,796
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,007,172	\$ 8,670,812	\$ 1,975,316	\$ 24,653,300

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Fund Balances (Deficit) - Total Governmental Funds **\$ 9,465,796**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 94,751,047	
Less Accumulated Depreciation	(37,666,405)	
Less Accumulated Amortization	<u>(819,685)</u>	56,264,957

The School District's proportion of the collective net pension (asset)/liability is not reported in the funds.

TRS Net Pension Liability - Proportionate Share	\$ (1,200,644)	
ERS Net Pension Liability - Proportionate Share	<u>(2,249,204)</u>	(3,449,848)

Deferred outflows of resources, including deferred charges on defeased debt, pensions, and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Unavailable Revenue	\$ 68,208	
Other Postemployment Benefits Deferred Outflows of Resources	16,494,908	
Other Postemployment Benefits Deferred Inflows of Resources	(40,243,461)	
TRS Deferred Inflows of Resources - Pension	(525,624)	
ERS Deferred Inflows of Resources - Pension	(131,257)	
TRS Deferred Outflows of Resources - Pension	6,548,753	
ERS Deferred Outflows of Resources - Pension	<u>1,560,670</u>	(16,227,803)

Long-term liabilities, including bonds payable and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(16,865,662)	
Lease Liabilities	<u>(51,724)</u>	(16,917,386)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Compensated Absences	\$ (999,975)	
Other Postemployment Benefits Liability	(83,662,174)	
Accrued Interest on Debt	<u>(74,921)</u>	<u>(84,737,070)</u>

Net (Deficit) of Governmental Activities **\$ (55,601,354)**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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

	Major Funds			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Real Property Taxes	\$ 17,922,095	\$ -	\$ -	\$ 17,922,095
Other Tax Items	3,197,159	-	-	3,197,159
Charges for Services	12,788	-	-	12,788
Use of Money and Property	359,946	-	51,200	411,146
Sale of Property and Compensation for Loss	58,343	-	-	58,343
Miscellaneous	856,648	-	63,278	919,926
State Sources	21,951,519	-	749,543	22,701,062
Medicaid Reimbursement	105,943	-	-	105,943
Federal Sources	61,042	-	4,227,988	4,289,030
Sales - School Lunch	-	-	291,479	291,479
Total Revenues	44,525,483	-	5,383,488	49,908,971
EXPENDITURES				
General Support	5,026,030	-	-	5,026,030
Instruction	20,732,355	-	3,247,071	23,979,426
Pupil Transportation	1,141,089	-	48,522	1,189,611
Community Services	5,131	-	-	5,131
Employee Benefits	10,463,123	-	378,150	10,841,273
Debt Service:				
Principal	3,976,260	-	-	3,976,260
Interest	1,058,858	-	-	1,058,858
Cost of Sales	-	-	534,020	534,020
Capital Outlay	-	5,655,393	-	5,655,393
Total Expenditures	42,402,846	5,655,393	4,207,763	52,266,002
Excess (Deficiency) of Revenues Over Expenditures	2,122,637	(5,655,393)	1,175,725	(2,357,031)
OTHER FINANCING SOURCES AND (USES)				
BANs Redeemed From Appropriations	-	344,000	-	344,000
Premium on Obligations	-	-	84,550	84,550
Proceeds of Obligations	-	362,644	-	362,644
Operating Transfers In	-	100,000	75,208	175,208
Operating Transfers (Out)	(161,788)	(13,420)	-	(175,208)
Total Other Sources (Uses)	(161,788)	793,224	159,758	791,194
Net Change in Fund Balance	1,960,849	(4,862,169)	1,335,483	(1,565,837)
Fund Balances (Deficit) - Beginning of Year	9,504,084	2,235,822	(708,273)	11,031,633
Fund Balances (Deficit) - End of Year	\$ 11,464,933	\$ (2,626,347)	\$ 627,210	\$ 9,465,796

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds **\$ (1,565,837)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the net change in capital assets.

Capital Outlay	\$ 6,483,022	
Depreciation Expense	(2,051,906)	
Amortization Expense	(261,925)	
Net Book Value of Disposed Assets	287,525	4,456,716

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt in the Statement of Net Position. This is the amount of repayments.

Proceeds of Leases	\$ (362,644)	
Principal Payment - Bonds	3,220,000	
Principal Payment - Leases	412,260	3,269,616

Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the change in the amount of compensated absences and other postemployment benefit liability reported in the Statement of Activities.

Compensated Absences	\$ (103,849)	
Other Postemployment Benefits Liability	430,908	327,059

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the change in interest payable. (37,148)

Premiums received on obligations are recorded as revenues and expenditures in the Governmental Funds when received but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years and the adjustment for premiums and costs received in the current year.

Amortization of Premiums		224,088
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The issuance of refunding bonds results in a deferral of the change in the amount of debt. The deferred amount is amortized annually. This is the current amortization.

Amortization of Deferred Amounts on Refunding of Debt		(27,228)
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Changes in the School District's proportionate share of net pension (assets)/liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (435,856)	
TRS	(381,652)	(817,508)

Net Change in Net Position of Governmental Activities **\$ 5,829,758**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	Custodial Fund
ASSETS	
Cash - Unrestricted	<u>\$ 174,943</u>
Total Assets	<u>\$ 174,943</u>
NET POSITION	
Unrestricted	<u>\$ 174,943</u>
Total Net Position	<u>\$ 174,943</u>

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Extraclassroom Receipts	<u>\$ 215,650</u>
DEDUCTIONS	
Extraclassroom Disbursements	<u>214,937</u>
Change in Net Position	713
Net Position - Beginning of Year	<u>174,230</u>
Net Position - End of Year	<u>\$ 174,943</u>

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1 **Summary of Significant Accounting Policies**

The accompanying financial statements of the Chenango Valley Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 221 Chenango Bridge Road, Binghamton, NY 13901.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Joint Venture

The School District is one of 16 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that shares planning, services, and programs which provide educational and support activities.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§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 General Municipal Law (GML).

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component School District's share of administrative and capital cost is determined by resident public School District enrollment as defined in Education Law §1950(4)(b)(7).

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

Basis of Presentation - District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the School District's Governmental Activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental Activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange 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 revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements

The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- **General Fund:** The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Capital Projects Fund:** Accounts for financial resources used for renovation of the School District's educational complex and purchase of buses.

Non-Major Funds

- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
 - **Miscellaneous Special Revenue:** Used to account for student scholarships whose funds are restricted as to use.
 - **Special Aid Fund:** Accounts for proceeds received from state and federal grants that are restricted for special educational programs.
- **Debt Service Fund:** Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

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

The School District reports the following Fiduciary Funds:

- **Custodial Fund:** Assets are held by the School District as an agent for Extraclassroom Activity Funds.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial 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 School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

Cash and Investments

The School District's cash, and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

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, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1 **Summary of Significant Accounting Policies - Continued**

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Nonspendable fund balances associated with these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets are reported at actual cost, including the right to use assets acquired through financed lease arrangements. Donated assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	40 Years
Building Improvements	5,000	Various
Furniture and Equipment	5,000	Various

The School District utilizes the straight-line method of depreciation and amortizes its intangible assets in line with its lease liability payments.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Vested Employee Benefits - Compensated Absences

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

Sick leave eligibility and accumulation are 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.

School District employees are granted vacation time in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on pay rates in effect at year end.

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

Vested Employee Benefits - Other Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 12 for additional information.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 11 and 12, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District reports items that qualify for reporting in this category. The first arises only under the modified accrual basis of accounting and is reported as unavailable revenue. The other types of deferred inflows of resources are related to pensions and OPEB plans are described in Notes 11 and 12, respectively.

Leases

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Unearned and Unavailable Revenues

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements sometimes report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications - District-Wide Financial Statements

Equity is classified as net assets and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a School District can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the New York State. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance, except as noted. Reserves currently in use by the School District include the following:

- **Mandatory Reserve for Debt Service (GML §6-1)** - Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of School District property or capital improvement financed by obligations that remain outstanding at the time of sale. Funding of the reserve is from proceeds of sale of School District property or capital improvement. The reserve is accounted for in the Debt Service Fund.
- **Unemployment Insurance Reserve (GML §6-m)** - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.
- **Capital Reserve (Education Law §3651)** - 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 reserves only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserves and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the General Fund.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Retirement Contributions Reserve (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law §3651.1-a) - Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.
- Reserve for Repairs (GML §6-d): Used to pay the cost of repairs to capital improvements or equipment, of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 4 and became a lien on July 28, 2022. Taxes were collected during the period September 1, 2022 to October 31, 2022.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Property Taxes - Continued

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

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Use of Estimates

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

New Accounting Standard

The School District adopted and implemented the following current Statement of the GASB effective for the year ended June 30, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending June 30, 2023. The School District evaluated this pronouncement and determined there was no material impact on its financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

The School District will evaluate the impact of each of these pronouncements may have on its financial statements and will implement them as applicable when material.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 2 Participation in BOCES

During the year ended June 30, 2022, the School District's share of BOCES income amounted to \$2,796,768. The School District was billed \$8,960,656 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Glenwood Road, Binghamton, New York 13905.

Note 3 Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$15,479,757 (excluding investments) are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash and investments consisted of the following at June 30, 2023:

Restricted for General Fund Reserves	\$ 8,983,819
Restricted for Debt Service	630,906
Restricted for School Lunch	467,628
Restricted for Capital Projects	6,030,129
Restricted for Scholarships	<u>71,805</u>
Total	<u>\$ 16,184,287</u>

The School District has few investments (primarily United States Treasury obligations) and chooses to disclose its investments by specifically identifying each.

The School District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District reported Level 1 U.S. Treasury Bills at a fair value of \$5,911,687 and cost of \$ 5,896,402 within the General Fund as well as Level 1 U.S. Treasury Bills at fair value of \$488,368 and cost of \$487,323 within the Debt Service Fund.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 4 Due From State, Federal, and Other Governments

State and federal aid, and other government receivables consisted of the following, which are stated at net realizable value.

Description	Amount
BOCES September Aid	\$ 1,258,546
BOCES Enrichment Reimbursement	83,200
Total Due From Other Governments	1,341,746
Excess Cost	644,466
Transportation Aid	42,542
Federal Aid	655,240
School Lunch	67,699
	1,409,947
Total	\$ 2,751,693

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2023, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 599,382	\$ 21,210	\$ -	\$ 161,788
Capital Project Fund	-	48,953	100,000	13,420
Non-Major Funds	21,557	550,776	75,208	-
	\$ 620,939	\$ 620,939	\$ 175,208	\$ 175,208

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds, as excess funds, that have accumulated in the School Lunch Fund.

The School 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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 6 Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital Assets That Are Not Depreciated				
Land	\$ 1,387,215	\$ -	\$ -	\$ 1,387,215
Construction in Progress	13,482,529	4,879,596	(100,000)	18,262,125
Total Nondepreciable Historical Cost	<u>14,869,744</u>	<u>4,879,596</u>	<u>(100,000)</u>	<u>19,649,340</u>
Capital Assets That Are Depreciated				
Buildings	65,383,645	-	100,000	65,483,645
Furniture and Equipment	6,371,430	1,142,163	782,266	8,295,859
Total Depreciable Historical Cost	<u>71,755,075</u>	<u>1,142,163</u>	<u>882,266</u>	<u>73,779,504</u>
Intangible Lease Assets				
Equipment	860,940	461,263	-	1,322,203
Total Historical Cost	<u>87,485,759</u>	<u>6,483,022</u>	<u>782,266</u>	<u>94,751,047</u>
(Less) Accumulated Depreciation				
Buildings	(31,153,948)	(1,428,635)	-	(32,582,583)
Furniture and Equipment	(3,965,810)	(623,271)	(494,741)	(5,083,822)
Total Accumulated Depreciation	<u>(35,119,758)</u>	<u>(2,051,906)</u>	<u>(494,741)</u>	<u>(37,666,405)</u>
(Less) Accumulated Amortization				
Equipment	(557,760)	(261,925)	-	(819,685)
Total Historical Cost, Net	<u><u>\$ 51,808,241</u></u>	<u><u>\$ 4,169,191</u></u>	<u><u>\$ 287,525</u></u>	<u><u>\$ 56,264,957</u></u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 69,101
Instruction	1,841,714
Pupil Transportation	359,300
School Lunch Program	43,716
Total	<u><u>\$ 2,313,831</u></u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Short-Term Debt

The School 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 resources of the General Fund. There were no RANs issued or redeemed during the year.

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

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

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Renewed or Redeemed	Ending Balance
BAN 2023 - Construction	4.60%	06/27/2024	\$ -	\$ 9,000,000	\$ -	\$ 9,000,000
BAN 2023 - Buses	4.00%	09/01/2023	-	1,201,000	-	1,201,000
BAN 2022 - Buses	0.27%	09/02/2022	1,130,000		(1,130,000)	-
Total			<u>\$ 1,130,000</u>	<u>\$ 10,201,000</u>	<u>\$ (1,130,000)</u>	<u>\$ 10,201,000</u>

Interest expense related to short-term debt during the year was:

Interest Paid	\$ 3,051
(Less) Interest Accrued in the Prior Year	(2,526)
Plus Interest Accrued in the Current Year	43,350
(Less) Amortization of BAN Premium	<u>(84,550)</u>
Total	<u>\$ (40,675)</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt

At June 30, 2023, the total outstanding indebtedness of the School District represented 30.5% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows.

Serial Bonds, Dormitory Authority of New York (DASNY) Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2023.

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Serial Bonds				
Serial Bond	06/24/2010	06/15/2024	3.00% - 4.00%	\$ 205,000
DASNY Bond	06/17/2020	06/15/2035	5.00%	5,750,000
DASNY Bond	06/15/2022	06/15/2036	5.00%	9,240,000
Total Bond Principal				15,195,000
Unamortized Premium				1,670,662
Total				\$ 16,865,662

Interest expense related to long-term debt during the year was comprised of:

Interest Paid	\$ 1,053,273
(Less) Interest Accrued in the Prior Year	(35,247)
(Less) Premium Recognized in the Current Year	(224,088)
Interest Accrued in the Current Year	31,571
Amortization of Deferred Charges on Defeased Debt	27,228
Total	\$ 852,737

Interest rates on the serial bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt - Continued

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 1,960,000	\$ -	\$ (1,755,000)	\$ 205,000	\$ 205,000
DASNY Bonds	16,455,000	-	(1,465,000)	14,990,000	1,020,000
Total Bonds	18,415,000	-	(3,220,000)	15,195,000	1,225,000
Unamortized Premiums	1,894,750		(224,088)	1,670,662	187,831
Total	<u>\$ 20,309,750</u>	<u>\$ -</u>	<u>\$ (3,444,088)</u>	<u>\$ 16,865,662</u>	<u>\$ 1,412,831</u>

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt are summarized as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Deferred Charges on Defeased Debt	\$ (27,228)	\$ -	\$ 27,228	\$ -	\$ -
Total	<u>\$ (27,228)</u>	<u>\$ -</u>	<u>\$ 27,228</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the maturity of long-term indebtedness.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,225,000	\$ 757,700	\$ 1,982,700
2025	1,065,000	698,500	1,763,500
2026	1,120,000	645,250	1,765,250
2027	1,175,000	589,250	1,764,250
2028	1,235,000	530,500	1,765,500
2029-2033	6,610,000	1,662,750	8,272,750
2034-2036	2,765,000	260,000	3,025,000
Total	<u>\$ 15,195,000</u>	<u>\$ 5,143,950</u>	<u>\$ 20,338,950</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 9 Compensated Absences

Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 896,126	\$ 103,849	\$ -	\$ 999,975

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 10 Lease Liabilities

During the year ended June 30, 2023 the School District implemented GASB Statements No. 87, "Leases."

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any variable payments.

At June 30, 2023, the School District reported \$1,074,261, offset by accumulated amortization of \$623,467, in intangible lease assets that were not included in the lease liability below.

Lease liabilities as of June 30, 2023 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
IPA Sched 403	10/16/2019	12/01/2023	2.47%	\$ 49,181
Postage Machine	10/23/2019	10/01/2024	3.00%	2,543
Total				\$ 51,724

The following is a summary of the maturity of lease liabilities:

Year	Principal	Interest	Total
2024	\$ 50,863	\$ 1,286	\$ 52,149
2025	861	10	871
Total	\$ 51,724	\$ 1,296	\$ 53,020

Interest paid for the current year amounted to \$2,534.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 11* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee 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 (RSSL) of New York State. 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, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. 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 New York State 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' respective fiduciary net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Contributions

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

		ERS		TRS
2023	\$	356,853	\$	1,082,796
2022		436,926		1,029,790
2021		417,639		995,053

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

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

	ERS	TRS
Actuarial Valuation Date	04/01/2022	06/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	2,249,204	1,200,644
School District's Share of the Plan's Net Pension (Asset)/Liability	0.0104887%	0.062557%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

For the year ended June 30, 2023, the School District recognized pension expense of \$817,132 for ERS and \$1,572,178 for TRS in the District-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 239,558	\$ 1,258,123	\$ 63,166	\$ -
Changes of Assumptions	1,092,359	2,329,047	12,073	24,059
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,551,346	13,214	483,654
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	122,926	219,711	42,804	-
School District's Contributions Subsequent to the Measurement Date	105,827	1,190,526	-	17,911
Total	<u>\$ 1,560,670</u>	<u>\$ 6,548,753</u>	<u>\$ 131,257</u>	<u>\$ 525,624</u>

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

Year Ending	ERS	TRS
2024	\$ 317,472	\$ 962,464
2025	(103,071)	508,435
2026	478,038	(153,486)
2027	631,147	3,077,832
2028	-	412,699
Thereafter	-	24,659

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustment	1.5%	1.3%
Inflation Rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

For ERS, the long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date	ERS	TRS
	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equities	4.30%	6.50%
International Equities	6.85%	7.20%
Global Equities	-	6.90%
Real Estate	4.60%	6.20%
Private Equity	7.50%	9.90%
Opportunistic/Absolute Return Strategy	5.38%	-
Real Assets	5.84%	-
Cash	0.00%	-
Credit	1.50%	-
Domestic Fixed Income	-	1.10%
Global Bonds	-	0.60%
Private Debt	-	5.30%
Real Estate Debt	-	2.40%
High-Yield Bonds	-	3.30%
Cash Equivalents	-	(0.30)%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially determined. Based on the assumptions, the Systems' 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 (Asset)/Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate, as well as what the School District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 5,435,362	\$ 2,249,204	\$ (413,201)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 11,070,504	\$ 1,200,644	\$ (7,099,843)

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Employers' Total Pension Liability	\$ 232,627,259	\$ 133,883,474
Plan Net Position	(211,183,223)	(131,964,582)
Employers' Net Pension (Asset)/Liability	\$ 21,444,036	\$ 1,918,892
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%	98.6%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$105,827.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,325,232.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (728,491)	\$ 2,977,695	\$ 2,249,204
Deferred Outflows of Resources	(1,428,888)	(131,782)	(1,560,670)
Deferred Inflows of Resources	2,541,314	(2,410,057)	131,257
Subtotal	383,935	435,856	819,791
TRS			
Net Pension (Asset)/Liability	(11,038,965)	12,239,609	1,200,644
Deferred Outflows of Resources	(6,462,239)	(86,514)	(6,548,753)
Deferred Inflows of Resources	12,297,067	(11,771,443)	525,624
Subtotal	(5,204,137)	381,652	(4,822,485)
Total	\$ (4,820,202)	\$ 817,508	\$ (4,002,694)

Note 12 Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description - The Plan is a single-employer, defined benefit healthcare plan administered by the School District. The Plan provides medical and dental benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated each three-year period. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Other Postemployment Benefits - Continued

Employees Covered by Benefit Terms - At July 1, 2022, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	390
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	<u>255</u>
Total	<u>645</u>

Total OPEB Liability

The School District's total OPEB liability of \$83,662,174 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

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

Long-Term Bond Rate	3.65%
Salary Increases Including Inflation	2.40%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	6.4% decreasing to an ultimate rate of 3.8% over 55 year for pre-65. 5.8%

The long-term bond rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of the measurement date.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale.

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement. Retirement rates are representative assumed rates for eligible employees. Both termination and retirements rates are based on the assumptions used in the June 30, 2022 Actuarial Valuation Report for the New York State Teachers' Retirement System and the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Other Postemployment Benefits - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 103,218,424</u>
Changes for the Year	
Service Cost	2,663,754
Interest Cost	3,684,542
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Effect of Demographic Gains or Losses	(20,328,179)
Changes in Assumptions or Other Inputs	(1,946,673)
Benefit Payments	<u>(3,629,694)</u>
	<u>(19,556,250)</u>
Balance at June 30, 2023	<u><u>\$ 83,662,174</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate - the following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 96,302,826	\$ 83,662,174	\$ 73,410,847

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 72,737,627	\$ 83,662,174	\$ 97,564,093

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Other Postemployment Benefits - Continued

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$3,198,786.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 66,335	\$ 22,156,817
Changes in Assumptions or Other Inputs	16,428,573	18,086,644
Total	\$ 16,494,908	\$ 40,243,461

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

Fiscal Year Ending June 30,	Amount
2024	\$ (3,149,511)
2025	(4,005,828)
2026	(5,455,228)
2027	(6,541,589)
2028	(3,535,691)
Thereafter	(1,060,706)

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 103,218,424	\$ (19,556,250)	\$ 83,662,174
Deferred Outflows of Resources	(22,870,968)	6,376,060	(16,494,908)
Deferred Inflows of Resources	27,494,179	12,749,282	40,243,461
Total	\$ 107,841,635	\$ (430,908)	\$ 107,410,727

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 13* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. 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 three years.

Health Insurance

The School District incurs costs related to an employee health insurance plan (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; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include eight districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13905.

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.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$7,691,946.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 13* Commitments and Contingencies - Continued**

Workers' Compensation

The School District incurs costs related to a workers' compensation insurance plan (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. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13905.

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.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures of \$151,258.

Other Items

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

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 14 Fund Balance Detail

At June 30, 2023, nonspendable, restricted, assigned, and unassigned fund balances in the Governmental Funds were as follows:

	General Fund	Capital Projects Fund	Non-Major Governmental Funds
Nonspendable			
Inventory	\$ -	\$ -	\$ 58,022
Total Nonspendable Fund Balance	\$ -	\$ -	\$ 58,022
Restricted			
Reserve for Employees' Retirement Contributions	\$ 2,157,694	\$ -	\$ -
Reserve for Teachers' Retirement Contributions	1,104,218	-	-
Tax Certiorari Reserve	569,568	-	-
Unemployment Insurance Reserve	228,410	-	-
Employee Benefit Accrued Liability Reserve	121,167	-	-
Capital Reserve	4,288,084	-	-
Repair Reserve	514,678	-	-
School Lunch	-	-	537,482
Scholarships	-	-	71,805
Debt	-	-	630,906
Total Restricted Fund Balance	\$ 8,983,819	\$ -	\$ 1,240,193
Assigned			
Appropriated for Next Year's Budget	\$ 500,000	\$ -	\$ -
Encumbered for:			
General Support	128,863	-	-
Instruction	54,288	-	-
Total Assigned Fund Balance	\$ 683,151	\$ -	\$ -
Unassigned			
Unreserved, Undesignated	\$ 1,797,963	\$ (2,626,347)	\$ (671,005)
Total Unassigned Fund Balance (Deficit)	\$ 1,797,963	\$ (2,626,347)	\$ (671,005)

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 15 Restricted Fund Balances

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet.

The balances and activity for the year ended June 30, 2023 of the General Fund reserves were as follows.

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Restricted					
Reserve for Employees' Retirement Contributions	\$ 2,096,530	\$ -	\$ 61,164	\$ -	\$ 2,157,694
Reserve for Teachers' Retirement Contributions	864,983	214,000	25,235	-	1,104,218
Tax Certiorari Reserve	395,461	188,000	11,355	(25,248)	569,568
Unemployment Insurance Reserve	221,935	-	6,475	-	228,410
Employee Benefit Accrued Liability Reserve	117,733	-	3,434	-	121,167
Capital Reserve	2,150,350	2,075,000	62,734	-	4,288,084
Repair Reserve	500,089	-	14,589	-	514,678
Total	<u>\$ 6,347,081</u>	<u>\$ 2,477,000</u>	<u>\$ 184,986</u>	<u>\$ (25,248)</u>	<u>\$ 8,983,819</u>

Note 16 Tax Abatements

For the year ended June 30, 2023, the School District was subject to tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA).

BCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$61,426, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling \$184,278.

Note 17 Stewardship, Compliance, and Accountability

Deficit Net Position

At June 30, 2023, the District-wide Statement of Net Position had an unrestricted net deficit of \$99,954,860. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 12). This deficit is not expected to be eliminated during the normal course of operations.

Deficit Fund Balance

At June 30, 2023, the Capital Projects Fund had a deficit fund balance of \$2,626,347. This deficit will be eliminated as short-term debt is redeemed or converted to long-term bond financing or financing is secured for new projects.

The Special Aid Fund has a deficit fund balance of \$671,005 at year end. This deficit will be eliminated as related revenues are recognized based on their recognition criteria.

Note 18 Subsequent Event

On August 31, 2023, the School District issued bond anticipation notes totaling \$1,260,000 at an interest rate of 4.5% for the purchase of school buses.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 20,928,766	\$ 17,948,752	\$ 17,922,095	\$ (26,657)
Other Tax Items	229,182	3,209,196	3,197,159	(12,037)
Charges for Services	57,000	57,000	12,788	(44,212)
Use of Money and Property	-	-	359,946	359,946
Sale of Property and Compensation for Loss	-	16,076	58,343	42,267
Miscellaneous	714,000	715,627	856,648	141,021
Total Local Sources	<u>21,928,948</u>	<u>21,946,651</u>	<u>22,406,979</u>	<u>460,328</u>
State Sources	21,822,489	21,822,489	21,951,519	129,030
Federal Sources	-	-	61,042	61,042
Medicaid Reimbursement	71,000	71,000	105,943	34,943
Total Revenues	<u>43,822,437</u>	<u>43,840,140</u>	<u>\$ 44,525,483</u>	<u>\$ 685,343</u>
Appropriated Fund Balance	500,000	500,000		
Appropriated Reserves	-	11,098		
Designated Fund Balance Encumbrances Carried Forward From Prior Year	<u>937,954</u>	<u>937,954</u>		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 45,260,391</u>	<u>\$ 45,289,192</u>		

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 42,902	\$ 43,902	\$ 36,368	\$ 1,523	\$ 6,011
Central Administration	432,541	393,465	371,275	195	21,995
Finance	644,481	644,481	616,943	179	27,359
Staff	290,077	341,865	338,989	163	2,713
Central Services	3,540,812	3,821,365	3,257,910	126,803	436,652
Special Items	473,708	484,806	404,545	-	80,261
Total General Support	5,424,521	5,729,884	5,026,030	128,863	574,991
Instruction					
Instruction, Administration, and Improvement	1,204,470	1,302,494	1,181,654	327	120,513
Teaching - Regular School	8,929,849	8,751,520	8,538,472	83	212,965
Programs for Children With Handicapping Conditions	6,371,935	6,585,863	6,037,792	6,814	541,257
Occupational Education	977,284	977,284	972,284	-	5,000
Teaching - Special School	142,500	161,306	159,101	-	2,205
Instructional Media	2,227,693	1,707,020	1,691,300	56	15,664
Pupil Services	2,148,139	2,346,612	2,151,752	47,008	147,852
Total Instruction	22,001,870	21,832,099	20,732,355	54,288	1,045,456
Pupil Transportation	1,438,355	1,429,845	1,141,089	-	288,756
Community Services	7,900	7,900	5,131	-	2,769
Employee Benefits	11,628,500	11,054,182	10,463,123	-	591,059
Debt Service					
Principal	3,729,000	4,014,612	3,976,260	-	38,352
Interest	893,245	1,058,859	1,058,858	-	1
Total Debt Service	4,622,245	5,073,471	5,035,118	-	38,353
Total Expenditures	45,123,391	45,127,381	42,402,846	183,151	2,541,384
OTHER FINANCING USES					
Operating Transfers Out	137,000	161,811	161,788	-	23
Total Expenditures and Other Financing Uses	\$ 45,260,391	\$ 45,289,192	42,564,634	\$ 183,151	\$ 2,541,407
Net Change in Fund Balance			1,960,849		
Fund Balance - Beginning of Year			9,504,084		
Fund Balance - End of Year			\$ 11,464,933		

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 356,853	\$ 436,926	\$ 417,639	\$ 419,821	\$ 440,098	\$ 432,907	\$ 439,804	\$ 543,201	\$ 475,731	\$ 544,064
Contributions in Relation to the Contractually Required Contribution	(356,853)	(436,926)	(417,639)	(419,821)	(440,098)	(432,907)	(439,804)	(543,201)	(475,731)	(544,064)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	3,370,087	2,945,231	3,301,571	3,081,474	3,154,922	3,045,683	3,097,134	2,970,158	2,790,507	2,792,567
Contributions as a Percentage of Covered Employee Payroll	10.6%	14.8%	12.6%	13.6%	13.9%	14.2%	14.2%	18.3%	17.0%	19.5%

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,190,526	\$ 1,082,796	\$ 1,029,790	\$ 995,053	\$ 1,170,920	\$ 1,098,092	\$ 1,270,963	\$ 1,461,950	\$ 1,826,206	\$ 1,670,185
Contributions in Relation to the Contractually Required Contribution	(1,190,526)	(1,082,796)	(1,029,790)	(995,053)	(1,170,920)	(1,098,092)	(1,270,963)	(1,461,950)	(1,826,206)	(1,670,185)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	11,569,738	11,048,939	10,839,895	11,230,847	11,025,612	11,205,020	10,844,394	11,025,264	10,417,604	10,278,062
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0104887%	0.0089117%	0.0092822%	0.0097353%	0.0098317%	0.0100600%	0.0103100%	0.0106245%	0.0095365%
School District's Proportion of the Net Pension (Asset)/Liability	\$ 2,249,204	\$ (728,491)	\$ 9,243	\$ 2,577,977	\$ 696,603	\$ 324,603	\$ 968,504	\$ 1,705,262	\$ 322,167
School District's Covered Employee Payroll During the Measurement Period	3,327,275	2,917,697	3,111,314	3,049,633	3,144,624	3,012,703	3,131,810	2,916,274	2,748,584
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	67.6%	25.0%	0.3%	84.5%	22.2%	10.8%	30.9%	58.5%	11.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
The Following is a Summary of Changes of Assumptions:									
Inflation	2.90%	2.70%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.70%
Salary Increases	4.40%	4.40%	4.40%	4.20%	4.20%	3.80%	3.80%	3.80%	4.90%
Cost of Living Adjustments	1.50%	1.40%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.40%
Investment Rate of Return	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.062557%	0.063702%	0.066211%	0.066057%	0.067879%	0.067464%	0.070535%	0.068454%	0.069580%
School District's Proportion of the Net Pension (Asset)/Liability	\$ 1,200,644	\$(11,038,965)	\$ 1,829,584	\$(1,716,163)	\$(1,227,423)	\$ (512,793)	\$ 755,464	\$(7,110,173)	\$(7,750,789)
School District's Covered Employee Payroll During the Measurement Period	11,048,939	10,839,895	11,230,847	11,025,612	11,205,020	10,844,394	11,025,264	10,417,604	10,278,061
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	10.9%	101.8%	16.3%	15.6%	11.0%	4.7%	6.9%	68.3%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.4%	111.5%

The Following is a Summary of Changes of Assumptions:

Inflation	2.40%	2.20%	2.20%	2.25%	2.50%	2.50%	3.00%	3.00%	3.00%
Salary Increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.63%	1.63%	1.63%
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	MP-2021	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 2,663,754	\$ 4,556,404	\$ 3,181,884	\$ 2,371,399	\$ 2,496,697	\$ 3,139,894	\$ *	\$ *	\$ *	\$ *
Interest Cost	3,684,542	2,744,117	2,429,018	3,205,065	2,807,607	2,743,217	*	*	*	*
Changes of Benefit Terms	-	-	-	-	(20,325)	-	*	*	*	*
Differences Between Expected and Actual Experience	(20,328,179)	-	(8,417,817)	-	(3,135,968)	350,639	*	*	*	*
Changes in Assumptions or Other Inputs Benefit Payments	(1,946,673)	(24,553,597)	22,540,560	15,734,939	(479,417)	-	*	*	*	*
Benefit Payments	(3,629,694)	(4,007,712)	(3,944,133)	(3,616,116)	(3,502,835)	(3,386,528)	*	*	*	*
	(19,556,250)	(21,260,788)	15,789,512	17,695,287	(1,834,241)	2,847,222	*	*	*	*
Total OPEB Liability - Beginning	<u>103,218,424</u>	<u>124,479,212</u>	<u>108,689,700</u>	<u>90,994,413</u>	<u>92,828,654</u>	<u>89,981,432</u>	*	*	*	*
Total OPEB Liability - Ending	<u>\$ 83,662,174</u>	<u>\$ 103,218,424</u>	<u>\$ 124,479,212</u>	<u>\$ 108,689,700</u>	<u>\$ 90,994,413</u>	<u>\$ 92,828,654</u>	<u>\$ 89,981,432</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 12,923,675	\$ 12,997,682	\$ 12,997,682	\$ 11,957,772	\$ 11,957,772	\$ 14,908,208	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a % of Covered Payroll	647.4%	794.1%	957.7%	908.9%	761.0%	622.7%	*	*	*	*

The Following is a Summary of Changes of Assumptions:

Healthcare Cost Trend Rates	6.4% - 3.8%	5.3% - 4.1%	5.3% - 4.1%	6.1% - 4.1%	6.1% - 4.1%	7.5% - 4.5%	*	*	*	*
Salary Increases	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%	*	*	*	*
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2019	MP-2019	MP-2018	MP-2018	MP-2016	*	*	*	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

***Note 1* Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which 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. Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch, and Miscellaneous Special Revenue). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

***Note 2* Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2023.

***Note 3* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

NYSTRS

Changes in Benefit Terms

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 44,322,437
Prior Year's Encumbrances	<u>937,954</u>
Original Budget	<u>45,260,391</u>
Appropriated Reserve	<u>11,098</u>
Insurance Recoveries	<u>16,076</u>
Gifts and Donations	<u>1,627</u>
Total Additions	<u>28,801</u>
Final Budget	<u><u>\$ 45,289,192</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u><u>\$ 45,950,583</u></u>
Maximum Allowed (4% of the 2023-2024 Budget)	<u><u>\$ 1,838,023</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 683,151
Unassigned Fund Balance	<u>1,797,963</u>
Total Unrestricted Fund Balance	<u><u>2,481,114</u></u>
(Less)	
Appropriated Fund Balance	500,000
Encumbrances Included in Assigned Fund Balance	<u>183,151</u>
Total Adjustments	<u><u>683,151</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u><u>\$ 1,797,963</u></u>

Actual Percentage 3.9%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023

	Expenditures						Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2023
	Original Budget	Revised Budget	Prior Years	Current Year	Transfers	Total		Proceeds of Obligations	State/Federal Aid	Local Sources	Total	
Port Dickinson Elementary Reconstruction 0001-008	\$ 357,924	\$ 396,382	\$ 415,784	\$ -	\$ -	\$ 415,784	\$ (19,402)	\$ 180,120	\$ 461,013	\$ -	\$ 641,133	\$ 225,349 *
Port Dickinson Elementary Reconstruction 0001-013	3,608,040	3,608,040	3,699,302	67,471	11,570	3,778,343	(170,303)	2,034,684	-	447,201	2,481,885	(1,296,458) *
Middle/High School Reconstruction 0002-013	599,967	511,518	889,654	-	-	889,654	(378,136)	565,364	510,384	-	1,075,748	186,094 *
Middle/High School Reconstruction 0002-019	2,996,200	2,996,200	2,132,789	3,364,324	-	5,497,113	(2,500,913)	11,489,224	-	4,316,623	15,805,847	10,308,734 *
Chenango Bridge Elementary Reconstruction 0004-011	285,844	374,298	433,109	-	-	433,109	(58,811)	302,743	461,013	-	763,756	330,647 *
Chenango Bridge Elementary Reconstruction 0004-015	3,195,328	3,195,328	3,337,158	56,151	-	3,393,309	(197,981)	943,042	-	264,231	1,207,273	(2,186,036) *
Chenango Bridge Elementary Reconstruction 0004-017	100,000	100,000	-	100,000	-	100,000	-	-	-	100,000	100,000	-
Maintenance Storage Building 4007-001	109,368	109,368	10,360	8,700	-	19,060	90,308	23,250	-	14,984	38,234	19,174 *
Bus Garage Reconstruction 5006-005	439,823	438,508	16,570	-	-	16,570	421,938	48,172	-	-	48,172	31,602 *
Bus Garage Reconstruction 5006-009	1,186,634	1,186,634	1,011,526	51,553	-	1,063,079	123,555	380,822	-	150,616	531,438	(531,641) *
Outdoor Classroom 0013-001	601,000	601,000	814,218	-	-	814,218	(213,218)	300,498	-	-	300,498	(513,720) *
New Concession/Storage Building 7010-003	4,000	4,000	1,084	-	-	1,084	2,916	3,310	-	21	3,331	2,247 *
St. Francis 8014-001	155,100	201,100	194,959	-	-	194,959	6,141	71,663	-	-	71,663	(123,296) *
CV Pre-Ref 9999-999	25,000	25,000	10,406	-	-	10,406	14,594	2,357	-	530,000	532,357	521,951 *
HVAC ARP Project 7999-003	2,532,500	2,347,500	445,094	1,231,400	-	1,676,494	671,006	-	2,347,500	-	2,347,500	671,006 *
2022-2023 Buses	415,000	413,150	-	413,150	1,850	415,000	(1,850)	-	-	344,000	344,000	(71,000)
Prior Year Buses	360,000	360,000	460,000	-	-	460,000	(100,000)	135,522	-	324,478	460,000	-
Unredeemed BANs	-	-	-	-	-	-	-	(10,201,000)	-	-	(10,201,000)	(10,201,000)
GASB 87 Leases	362,644	362,644	-	362,644	-	362,644	-	362,644	-	-	362,644	-
Total	\$ 17,334,372	\$ 17,230,670	\$ 13,872,013	\$ 5,655,393	\$ 13,420	\$ 19,540,826	\$ (2,310,156)	\$ 6,642,415	\$ 3,779,910	\$ 6,492,154	\$ 16,914,479	\$ (2,626,347)

*Architectural and State Approved Budget Modifications for Subproject Reallocations are Not Yet Finalized and Were Unavailable at This Report Date.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets, Net	<u>\$ 56,264,957</u>
Add:	
Unspent Debt Proceeds	<u>6,030,129</u>
(Deduct):	
Bond Anticipation Notes	<u>(10,201,000)</u>
Unamortized Premium on Bonds Payable	<u>(1,670,662)</u>
Bonds Payable	<u>(15,195,000)</u>
Accounts Payable	<u>(1,047,206)</u>
Lease Liabilities	<u>(51,724)</u>
Net Investment in Capital Assets	<u><u>\$ 34,129,494</u></u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	School Lunch Fund	Miscellaneous Special Revenue Fund	Special Aid Fund		
ASSETS					
Cash - Unrestricted	\$ -	\$ -	\$ 2,286	\$ -	\$ 2,286
Cash - Restricted	467,628	71,805	-	141,909	681,342
Investments - Restricted	-	-	-	488,368	488,368
Receivables:					
Due From Other Funds	20,928	-	-	629	21,557
State and Federal Aid	67,699	-	655,240	-	722,939
Other	802	-	-	-	802
Inventories	58,022	-	-	-	58,022
Total Assets	\$ 615,079	\$ 71,805	\$ 657,526	\$ 630,906	\$ 1,975,316
LIABILITIES					
Payables:					
Accounts Payable	\$ 1,369	\$ -	\$ 40,035	\$ -	\$ 41,404
Accrued Liabilities	4,269	-	882	-	5,151
Due to Other Funds	-	-	550,776	-	550,776
Due to Other Governments	75	-	-	-	75
Unearned Revenue	13,862	-	736,838	-	750,700
Total Liabilities	19,575	-	1,328,531	-	1,348,106
FUND BALANCES					
Nonspendable	58,022	-	-	-	58,022
Restricted	537,482	71,805	-	630,906	1,240,193
Unassigned	-	-	(671,005)	-	(671,005)
Total Fund Balances	595,504	71,805	(671,005)	630,906	627,210
Total Liabilities and Fund Balances	\$ 615,079	\$ 71,805	\$ 657,526	\$ 630,906	\$ 1,975,316

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	School Lunch Fund	Miscellaneous Special Revenue Fund	Special Aid Fund		
REVENUES					
Use of Money and Property	\$ 8,495	\$ 2,312	\$ -	\$ 40,393	\$ 51,200
Miscellaneous	1,852	52,523	8,903	-	63,278
State Sources	156,366	-	593,177	-	749,543
Federal Sources	836,652	-	3,391,336	-	4,227,988
Sales - School Lunch	291,479	-	-	-	291,479
Total Revenues	<u>1,294,844</u>	<u>54,835</u>	<u>3,993,416</u>	<u>40,393</u>	<u>5,383,488</u>
EXPENDITURES					
Instruction	706,001	28,315	2,512,755	-	3,247,071
Pupil Transportation	-	-	48,522	-	48,522
Employee Benefits	136,550	-	241,600	-	378,150
Cost of Sales	534,020	-	-	-	534,020
Total Expenditures	<u>1,376,571</u>	<u>28,315</u>	<u>2,802,877</u>	<u>-</u>	<u>4,207,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(81,727)</u>	<u>26,520</u>	<u>1,190,539</u>	<u>40,393</u>	<u>1,175,725</u>
OTHER FINANCING SOURCES AND (USES)					
Premium on Obligations	-	-	-	84,550	84,550
Operating Transfers In	20,928	-	40,860	13,420	75,208
Total Other Financing Sources (Uses)	<u>20,928</u>	<u>-</u>	<u>40,860</u>	<u>97,970</u>	<u>159,758</u>
Net Change in Fund Balance	(60,799)	26,520	1,231,399	138,363	1,335,483
Fund Balances - Beginning of Year	656,303	45,285	(1,902,404)	492,543	(708,273)
Fund Balances - End of Year	<u>\$ 595,504</u>	<u>\$ 71,805</u>	<u>\$ (671,005)</u>	<u>\$ 630,906</u>	<u>\$ 627,210</u>

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

Board of Education
Chenango Valley Central School District
Binghamton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chenango Valley Central School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 26, 2023



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

Board of Education
Chenango Valley Central School District
Binghamton, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chenango Valley Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 26, 2023

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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

Federal Grantor/Pass - Through Grantor Program Title	Assistance Listing #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021230165	\$ -	\$ 539,490
Title I Grants to Local Educational Agencies	84.010	0021220165	-	32,336
		Subtotal	-	571,826
Special Education Cluster:				
Special Education - Grants to States	84.027	0032230053	-	436,017
(COVID-19) ARP Special Education - Grants to States	84.027X	5532220053	-	91,136
Special Education - Preschool Grants	84.173	0032230053	-	4,335
(COVID-19) ARP Special Education - Preschool Grants	84.173X	5533220053	-	9,742
Total Special Education Cluster		Subtotal	-	541,230
Supporting Effective Instruction State Grants				
(COVID-19) Governor's Emergency Education Relief Fund	84.425C	5895210165	-	43
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5890210165	-	520
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5891220165	-	728,096
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5880210165	-	1,326,672
(COVID-19) Homeless Children and Youth	84.425W	5218210165	-	3,065
		Subtotal	-	2,058,396
Title I, Part D Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent, or at Risk				
	84.013	0016220165	-	27,840
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204231165	-	35,172
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204221165	-	15,236
Passed Through Onondaga Cortland Madison BOCES				
English Language Acquisition State Grants	84.365A	(1)	-	504
Total U.S. Department of Education			-	3,306,888
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)	-	479,530
School Breakfast Program	10.553	(1)	-	300,237
Total Child Nutrition Cluster			-	779,767
Direct Program:				
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A	-	1,884
(COVID-19) Pandemic EBT Administrative Costs	10.649	N/A	-	55,001
Total U.S. Department of Agriculture			-	836,652
U.S. Department of Homeland Security				
Passed through NYS Division of Homeland Security and Emergency Services				
(COVID-19) Disaster Grants - Public Assistance	97.036	4322-DR-NY	-	60,479
Total Department of Homeland Security			-	60,479
Federal Communications Commission				
Direct Program:				
(COVID-19) Emergency Connectivity Fund Program	32.009	N/A	-	85,011
Total Federal Communications Commission			-	85,011
Total Expenditures of Federal Awards			\$ -	\$ 4,289,030

(1) - Unable to Determine

See Notes to Schedule of Expenditures of Federal Awards

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate.

Note 4 **Matching Costs**

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

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2023, the School District received \$85,268 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? 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 that are not considered to be material weakness(es)? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? yes no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk? yes no

Section II Financial Statement Findings

None.

Section III Federal Award Findings and Questioned Costs

None.