

**CHENANGO VALLEY
CENTRAL SCHOOL DISTRICT**

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2020**



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 Financial Statements

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, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, the Schedule of School District's Contributions - NYSLRS and NYSTRS Pension Plans, the Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, and related notes on pages 4-4k and 48-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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, and Schedule of Net Investment in Capital Assets (supplementary information) on pages 57-59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the 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 22, 2020 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 22, 2020

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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, 2020. 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.

FINANCIAL HIGHLIGHTS

- Total expenses (measured on the government-wide basis) exceeded total revenues by \$3,458,466 in 2020 compared to revenues exceeding expenses by \$1,568,123 in 2019.
- Liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at June 30, 2020 by \$61,962,816 (net deficit), largely due to other postemployment benefits liability of \$108,689,700.
- The General Fund budgeted expenditures and other financing uses were underspent by \$1,106,162, while revenues and other financing sources fell short of budget by \$38,910.
- The School District invested \$9,679,468 in capital assets, resulting in an increase in capital assets of \$7,911,922, net of depreciation of \$1,752,261, and \$15,285 in disposals.
- The School District's total debt obligations decreased \$2,147 during the current year.
- Unassigned fund balance in the General Fund showed an increase in 2020, from \$1,394,013 to \$1,569,120. Total fund balance in the General Fund, including reserves, was \$7,225,063 at June 30, 2020, compared to \$6,592,284 at June 30, 2019. Appropriated fund balance amounted to \$250,000 at June 30, 2020 and \$250,000 at June 30, 2019.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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, 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, the Schedule of School District's Contributions, and the School District's Proportionate Share of the Net Pension Asset/Liability.

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.

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Governmental Fund Financial Statements

The Governmental 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 Scholarship Fund and 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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net (deficit) for fiscal year ended June 30, 2020 increased. Our following analysis focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Current Assets</i>	\$ 12,756,464	\$ 6,292,443	\$ (6,464,021)
<i>Noncurrent Assets</i>	6,015,806	6,846,691	830,885
<i>Capital Assets, Net</i>	42,761,075	50,672,997	7,911,922
<i>Total Assets</i>	61,533,345	63,812,131	2,278,786
<i>Deferred Charges on Defeased Debt</i>	197,673	126,515	(71,158)
<i>Pensions</i>	7,076,258	7,373,018	296,760
<i>Other Postemployment Benefits</i>	255,871	13,082,528	12,826,657
<i>Total Deferred Outflows of Resources</i>	7,529,802	20,582,061	13,052,259
<i>Current Liabilities</i>	24,467,614	17,714,663	(6,752,951)
<i>Noncurrent Liabilities</i>	98,200,236	123,787,429	25,587,193
<i>Total Liabilities</i>	122,667,850	141,502,092	18,834,242
<i>Pensions</i>	1,886,826	2,444,659	557,833
<i>Other Postemployment Benefits</i>	3,012,821	2,410,257	(602,564)
<i>Total Deferred Inflows of Resources</i>	4,899,647	4,854,916	(44,731)
<i>Net Investment in Capital Assets</i>	21,517,528	25,273,182	3,755,654
<i>Restricted</i>	5,455,510	5,631,917	176,407
<i>Unrestricted (Deficit)</i>	(85,477,388)	(92,867,915)	(7,390,527)
<i>Total Net (Deficit)</i>	\$ (58,504,350)	\$ (61,962,816)	\$ (3,458,466)

Total assets increased 3.70%. This change stems from an increase in capital assets, net, due to capital outlay exceeding depreciation expense and offset by a decrease in cash expended through capital outlay.

Deferred outflows of resources increased 173.34% and deferred inflows of resources decreased 0.91%. The change in deferred outflows and deferred inflows of resources is the result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for other postemployment benefits (OPEB).

Total liabilities increased 15.35%. This change stems from increases in both the School District's OPEB liability and net pension liability for the NYSLRS pension plan.

Total net position (deficit) increased 5.91%. This change stems from excess expenses over revenues, which is discussed further through *Figure 2*.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 474,821	\$ 424,829	\$ (49,992)
<i>Operating Grants and Contributions</i>	2,139,654	2,063,140	(76,514)
<i>Capital Grants and Contributions</i>	922,025	315,847	(606,178)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	15,775,714	16,474,335	698,621
<i>Real Property Tax Items</i>	3,690,283	3,614,912	(75,371)
<i>State Sources</i>	17,187,558	17,917,333	729,775
<i>Use of Money and Property</i>	215,361	74,816	(140,545)
<i>Other General Revenues</i>	873,181	826,332	(46,849)
Total Revenues	\$ 41,278,597	\$ 41,711,544	\$ 432,947
PROGRAM EXPENSES			
<i>General Support</i>	\$ 5,251,679	\$ 5,766,337	\$ 514,658
<i>Instruction</i>	30,798,216	35,468,950	4,670,734
<i>Pupil Transportation</i>	2,082,636	2,360,642	278,006
<i>Community Services</i>	5,828	9,566	3,738
<i>School Lunch Program</i>	1,111,692	1,073,861	(37,831)
<i>Interest on Debt</i>	460,423	490,654	30,231
Total Expenses	\$ 39,710,474	\$ 45,170,010	\$ 5,459,536
CHANGE IN NET POSITION	\$ 1,568,123	\$ (3,458,466)	\$ (5,026,589)

Total revenues for the School District's Governmental Activities increased 1.05%, while total expenses increased 13.75%. The increase in total revenues is primarily due to an increase in real property taxes and basic formula state aid offset by a reduction in smart bond state aid within capital grants and contributions.

The increase in program expenses is primarily due to a net increase in OPEB expense in comparison to the prior year's recorded expense combined with a net increase in pension expense.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figures 3 and 4 show the sources of revenue for 2020 and 2019.

Figure 3

Sources of Revenue for 2020

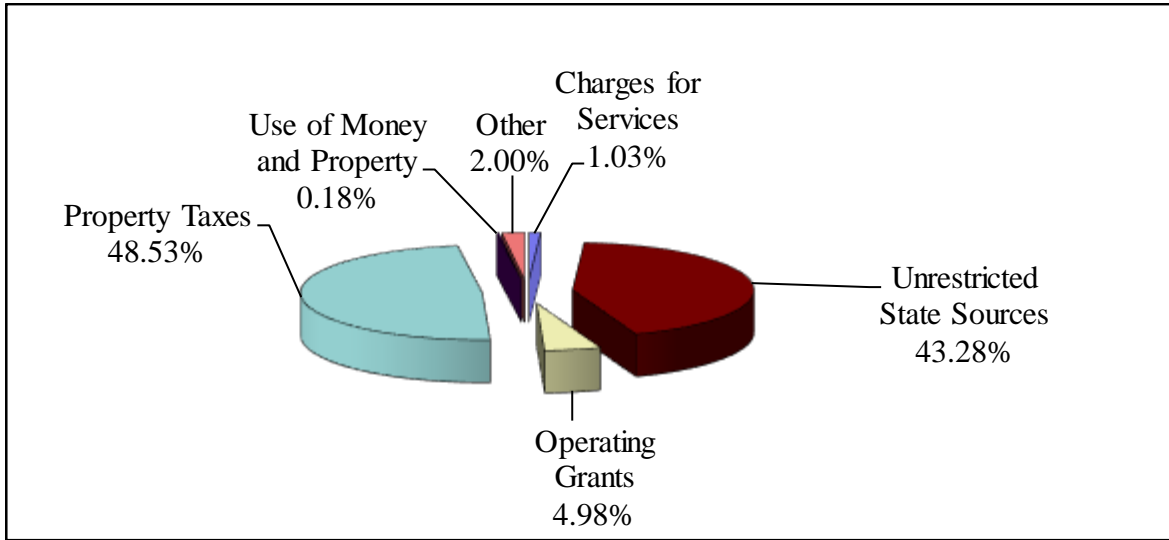
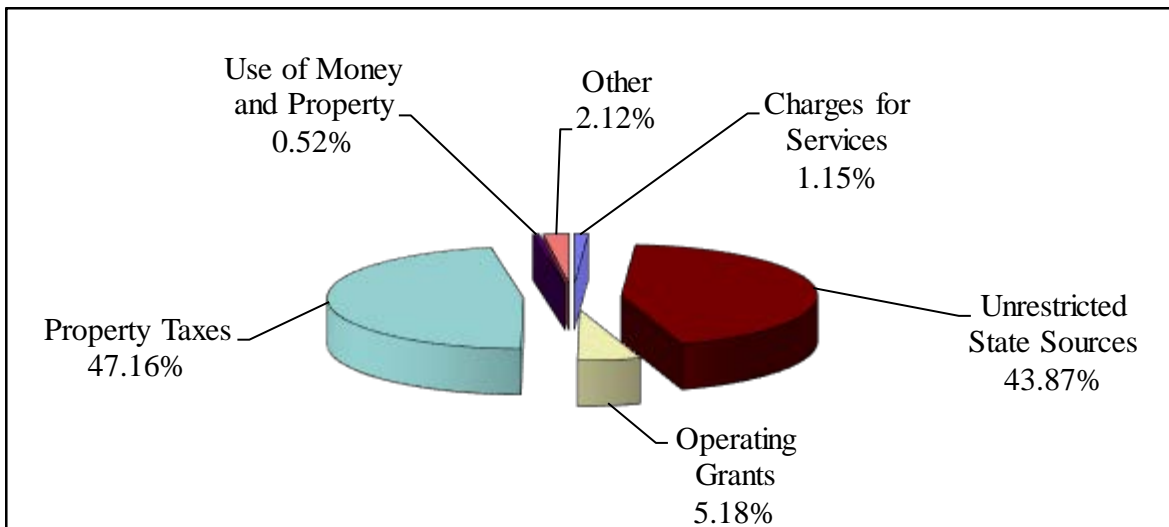


Figure 4

Sources of Revenue for 2019



CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figures 5 and 6 present the cost of each of the School District's programs for 2020 and 2019.

Figure 5

Cost of Programs for 2020

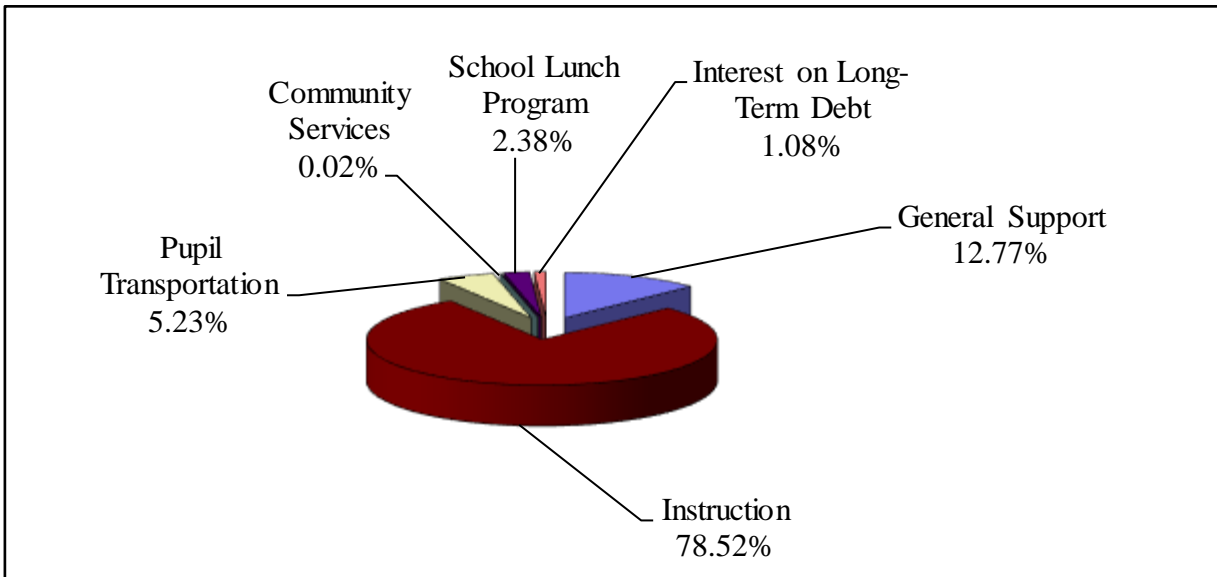
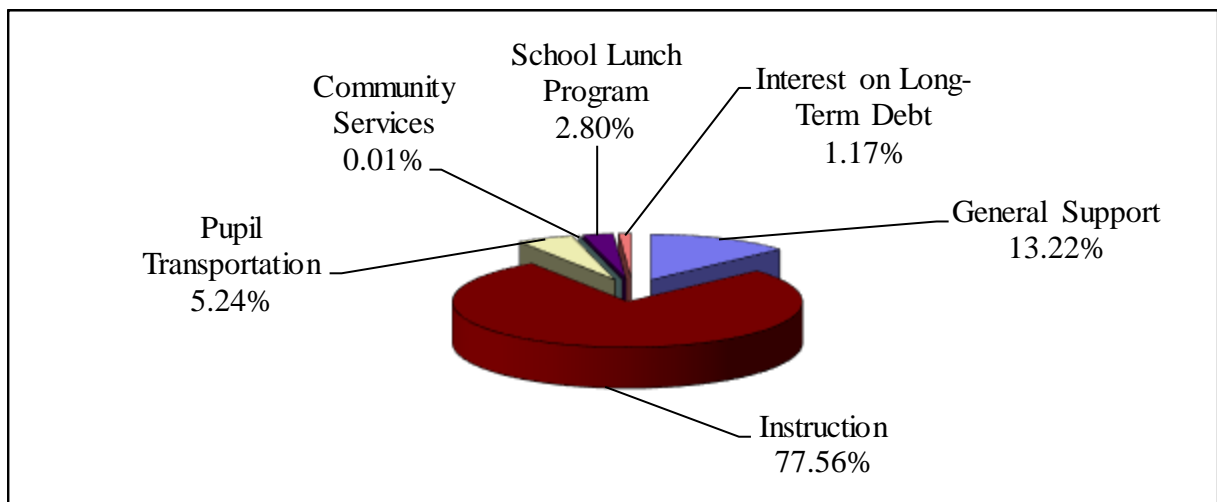


Figure 6

Cost of Programs for 2019



CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the change in total fund balances for the year for the School District's Governmental Funds. Total fund balance (deficit) decreased by 25.43%. This is largely attributable to the conversion of short-term financing to long-term financing within the Capital Projects Fund.

Figure 7

<i>Governmental Fund Balances</i>	<i>2019</i>	<i>2020</i>	<i>Total Dollar Change 2019-2020</i>
<i>General Fund</i>	\$ 6,592,284	\$ 7,225,063	\$ 632,779
<i>School Lunch Fund</i>	226,692	129,064	(97,628)
<i>Debt Service Fund</i>	476,396	440,910	(35,486)
<i>Capital Projects Fund</i>	(12,423,136)	(11,618,899)	804,237
<i>Total Governmental Funds (Deficit)</i>	\$ (5,127,764)	\$ (3,823,862)	\$ 1,303,902

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 \$81,090 in budget adjustments.

The School District received less revenue than budgeted, primarily from state sources. Expenditures and other financing uses were less than budget (with carryover encumbrances) by \$1,106,162. This is primarily due to lower than expected costs related to teaching, such as regular school, employee benefits, pupil transportation, and debt service.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2020</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>	\$ 19,849,067	\$ 16,468,613	\$ 16,474,335	\$ 5,722
<i>Other Tax Items</i>	231,612	3,612,066	3,614,912	2,846
<i>State Sources</i>	18,134,886	18,134,886	18,008,747	(126,139)
<i>Other, Including Financing Sources</i>	962,190	1,043,280	1,121,941	78,661
<i>Total Revenues and Other Financing Sources</i>	\$ 39,177,755	\$ 39,258,845	\$ 39,219,935	\$ (38,910)
<i>Appropriated Fund Balances, Reserves, and Encumbrances</i>	\$ 709,888	\$ 709,888		
EXPENDITURES				
<i>General Support</i>	\$ 4,181,276	\$ 4,389,368	\$ 4,172,524	\$ 216,844
<i>Instruction</i>	19,837,272	20,074,511	19,454,597	619,914
<i>Pupil Transportation</i>	1,264,313	1,203,880	1,102,542	101,338
<i>Community Service</i>	7,900	7,900	4,702	3,198
<i>Employee Benefits</i>	10,697,075	10,580,437	10,433,090	147,347
<i>Debt Service</i>	3,770,807	3,582,838	3,566,073	16,765
<i>Other Financing Uses</i>	129,000	129,799	129,043	756
<i>Total Expenditures and Other Financing (Uses)</i>	\$ 39,887,643	\$ 39,968,733	\$ 38,862,571	\$ 1,106,162

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the School District had invested in a broad range of capital assets totaling \$84,265,771 offset by accumulated depreciation of \$33,592,774. Total capital assets, net increased by 18.50% as shown in *Figure 9*.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 9

<i>Changes in Capital Assets</i>	<i>2019</i>	<i>2020</i>	<i>Total Dollar Change 2019-2020</i>
<i>Land</i>	\$ 1,387,215	\$ 1,387,215	\$ -
<i>Construction in Progress</i>	9,325,319	14,061,449	4,736,130
<i>Buildings and Improvements</i>	29,969,379	33,145,871	3,176,492
<i>Equipment</i>	2,079,162	2,078,462	(700)
<i>Total</i>	\$ 42,761,075	\$ 50,672,997	\$ 7,911,922

Capital asset activity for the year ended June 30, 2020 included the following:

Construction in Progress	\$ 9,227,086
Furniture and Equipment	452,382
Total Additions	<u>9,679,468</u>
Less Net Book Value of Disposed Equipment	(15,285)
Less Depreciation Expense	<u>(1,752,261)</u>
Net Increase in Capital Assets	<u><u>\$ 7,911,922</u></u>

Debt Administration

The School District's short and long-term debt obligations decreased 0.01% at June 30, 2020 as shown in *Figure 10*. Total indebtedness represented 37.4% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2019-2020</i>
	<i>2019</i>	<i>2020</i>	
<i>Bond Anticipation Notes</i>	\$ 20,538,280	\$ 13,606,956	\$ (6,931,324)
<i>Bonds and Installment Purchase Debt</i>	7,317,621	14,246,798	6,929,177
<i>Total</i>	\$ 27,855,901	\$ 27,853,754	\$ (2,147)

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The District has made a diverse range of operational adjustments in response to the effects of COVID-19. These adjustments are numerous and include moving to remote instruction including students with disabilities and food distribution to ensure adequate feeding of students.
- On Friday, May 1, 2020, Governor Andrew Cuomo issued Executive Order No. 202.26 which greatly modified the rules under which school districts were to conduct the 2020 school budget votes. As a result, Chenango Valley Central School District as well as most school districts in New York State received many more absentee ballots than the typical number of voters that show up in person each year to vote. The District is pleased with the passage of the 2020-2021 budget of \$40,897,582 with over 1,700 residents casting their votes with a margin of over 3:1. The budget increased by 2.94% from the previous year. The corresponding tax levy was an increase of \$401,275 or 2.02% from the previous year tax levy.
- Finally, the COVID pandemic has created a high degree of uncertainty. Since a large percentage of the District's revenues are obtained through federal and state funding, the District will adjust and update the budget in conjunction with changes to these funding sources. The Federal CARES Act has offset any reduction in state aid thus far; however, the state has reserved the right to adjust state aid in the 2020-21 fiscal year. If state revenues are below projections, and the federal government does not provide additional aid to the state, then there may be a reduction in aid to school districts. The implications of coronavirus will be long-term. We expect changes to federal and state funding as well as pension contributions. The extent of those adjustments will be dependent on the length of time it takes for full economic recovery.
- As the pandemic continues to evolve, the District will incur additional costs associated with complying with the new safety regulations.
- In order to better prepare for the expected reduction in federal and/or state funding, the 2020-21 budget removed all use reserves to balance the budget. This frees up more reserves to access in the event that the reductions occur mid-year. The District currently has the following amounts in the various reserves as of June 30, 2020:

○ Retirement Contribution Reserve	\$2,095,689
○ Teachers' Retirement System Sub-Reserve	439,766
○ Capital Reserve	2,004,708
○ Unemployment Insurance Reserve	302,837
○ Tax Certiorari Reserve	169,842
○ Employee Benefit Accrued Liability Reserve	117,686
- The District is considering another capital project to bring out to voters within the next 2 years. The size and scope of this project has not yet been determined. Again, the District will utilize a combination of Capital Reserve and retiring debt to minimize local impact.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020

ASSETS

Current Assets

Cash - Unrestricted	\$ 1,032,943
Cash - Restricted	<u>2,797,975</u>
Receivables:	
State and Federal Aid	<u>1,188,786</u>
Due from Other Governments	<u>1,168,629</u>
Other	<u>35,525</u>
Inventories	<u>68,585</u>
Total Current Assets	<u>6,292,443</u>

Noncurrent Assets

Restricted Cash	<u>5,130,528</u>
Net Pension Asset - Proportionate Share	<u>1,716,163</u>
Land and Other Nondepreciable Capital Assets	<u>15,448,664</u>
Capital Assets, Net	<u>35,224,333</u>
Total Noncurrent Assets	<u>57,519,688</u>

Total Assets	<u>63,812,131</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Defeased Debt	<u>126,515</u>
Pensions	<u>7,373,018</u>
Other Postemployment Benefits	<u>13,082,528</u>
Total Deferred Outflows of Resources	<u>20,582,061</u>

See Notes to Basic Financial Statements

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020

LIABILITIES

Current Liabilities

Payables:

Accounts Payable	\$ 286,624
Accrued Liabilities	<u>79,627</u>
Due to Other Governments	<u>20</u>
Bond Interest and Matured Bonds	<u>44,499</u>
Bond Anticipation Notes Payable	<u>13,606,956</u>
Unearned Revenue	<u>24,904</u>
Due to Teachers' Retirement System	<u>1,072,101</u>
Due to Employees' Retirement System	<u>108,393</u>
Current Portion of Long-Term Obligations:	
Bonds Payable	<u>2,491,539</u>
Total Current Liabilities	<u><u>17,714,663</u></u>

Noncurrent Liabilities

Bonds Payable	11,755,259
Compensated Absences Payable	<u>764,493</u>
Other Postemployment Benefits Liability	<u>108,689,700</u>
Net Pension Liability - Proportionate Share	<u>2,577,977</u>
Total Noncurrent Liabilities	<u><u>123,787,429</u></u>

Total Liabilities

141,502,092

DEFERRED INFLOWS OF RESOURCES

Pensions	2,444,659
Other Postemployment Benefits	<u>2,410,257</u>
Total Deferred Inflows of Resources	<u><u>4,854,916</u></u>

NET POSITION

Net Investment in Capital Assets	25,273,182
Restricted Net Position	<u>5,631,917</u>
Unrestricted Net (Deficit)	<u>(92,867,915)</u>
Total Net (Deficit)	<u><u>\$ (61,962,816)</u></u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
General Support	\$ 5,766,337	\$	\$	\$	\$ (5,766,337)
Instruction	35,468,950	207,533	1,503,313		(33,758,104)
Pupil Transportation	2,360,642			315,847	(2,044,795)
Community Services	9,566				(9,566)
School Lunch Program	1,073,861	217,296	559,827		(296,738)
Interest on Debt	490,654				(490,654)
Total Functions and Programs	\$ 45,170,010	\$ 424,829	\$ 2,063,140	\$ 315,847	(42,366,194)

GENERAL REVENUES

Real Property Taxes	16,474,335
Real Property Tax Items	3,614,912
Use of Money and Property	74,816
State Sources	17,917,333
Sale of Property and Compensation for Loss	72,983
Miscellaneous	753,349
Total General Revenues	38,907,728
Change in Net Position	(3,458,466)
Total Net (Deficit) - Beginning of Year	(58,504,350)
Total Net (Deficit) - End of Year	\$ (61,962,816)

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
ASSETS			
Cash - Unrestricted	\$ 1,016,482	\$ 16,461	\$
Cash - Restricted	5,140,151		20,018
Receivables:			
Due from Other Funds	866,197		35,474
State and Federal Aid	546,153	612,073	30,560
Due from Other Governments	1,168,629		
Other	35,247		278
Inventories			68,585
Total Assets	<u>\$ 8,772,859</u>	<u>\$ 628,534</u>	<u>\$ 154,915</u>
LIABILITIES			
Payables:			
Accounts Payable	\$ 189,104	\$ 805	\$ 1,493
Accrued Liabilities	74,495	1,500	3,632
Due to Other Funds	35,475	622,051	
Due to Other Governments	20		
Bond Anticipation Notes Payable			
Unearned Revenue		4,178	20,726
Due to Teachers' Retirement System	1,072,101		
Due to Employees' Retirement System	108,393		
Total Liabilities	<u>1,479,588</u>	<u>628,534</u>	<u>25,851</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	68,208		
Total Deferred Inflows of Resources	<u>68,208</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			68,585
Restricted	5,130,528		60,479
Assigned	525,415		
Unassigned	1,569,120		
Total Fund Balances (Deficit)	<u>7,225,063</u>	<u>-</u>	<u>129,064</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,772,859</u>	<u>\$ 628,534</u>	<u>\$ 154,915</u>

See Notes to Basic Financial Statements

Major Funds

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$	\$	\$ 1,032,943
440,888	2,327,446	7,928,503
22		901,693
		1,188,786
		1,168,629
		35,525
		68,585
\$ 440,910	\$ 2,327,446	\$ 12,324,664
\$	\$ 95,222	\$ 286,624
		79,627
	244,167	901,693
		20
	13,606,956	13,606,956
		24,904
		1,072,101
		108,393
-	13,946,345	16,080,318
		68,208
-	-	68,208
		68,585
440,910		5,631,917
		525,415
	(11,618,899)	(10,049,779)
440,910	(11,618,899)	(3,823,862)
\$ 440,910	\$ 2,327,446	\$ 12,324,664

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Fund Balances (Deficit) - Total Governmental Funds **\$ (3,823,862)**

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

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

Total Historical Cost	\$ 84,265,771	
Less Accumulated Depreciation	<u>(33,592,774)</u>	50,672,997

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

TRS Net Pension Asset - Proportionate Share	\$ 1,716,163	
ERS Net Pension Liability - Proportionate Share	<u>(2,577,977)</u>	(861,814)

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	
Deferred Charges on Defeased Debt	126,515	
Other Postemployment Benefits Deferred Outflows of Resources	13,082,528	
Other Postemployment Benefits Deferred Inflows of Resources	(2,410,257)	
TRS Deferred Inflows of Resources - Pension	(2,379,589)	
ERS Deferred Inflows of Resources - Pension	(65,070)	
TRS Deferred Outflows of Resources - Pension	5,657,429	
ERS Deferred Outflows of Resources - Pension	<u>1,715,589</u>	15,795,353

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

Bonds Payable		(14,246,798)
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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	\$ (764,493)	
Other Postemployment Benefits Liability	(108,689,700)	
Accrued Interest on Long-Term Debt	<u>(44,499)</u>	<u>(109,498,692)</u>

Net (Deficit) of Governmental Activities **\$ (61,962,816)**

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, 2020

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
REVENUES			
Real Property Taxes	\$ 16,474,335	\$	\$
Other Tax Items	3,614,912		
Charges for Services	136,557		
Use of Money and Property	65,764		254
Sale of Property and Compensation for Loss	88,268		
Miscellaneous	752,686	3,080	663
State Sources	18,008,747	333,120	99,137
Medicaid Reimbursement	70,976		
Federal Sources		997,249	539,140
Sales - School Lunch			217,042
Total Revenues	39,212,245	1,333,449	856,236
EXPENDITURES			
General Support	4,003,655		
Instruction	19,355,652	1,318,176	456,875
Pupil Transportation	1,100,042	25,109	
Community Services	4,702		
Employee Benefits	10,427,989	12,963	101,660
Debt Service:			
Principal	3,036,677		
Interest	529,396		
Cost of Sales			401,573
Capital Outlay			
Total Expenditures	38,458,113	1,356,248	960,108
Excess (Deficiency) of Revenues Over Expenditures	754,132	(22,799)	(103,872)
OTHER FINANCING SOURCES AND (USES)			
BANs Redeemed from Appropriations			
Premium on Obligations			
Proceeds of Obligations			
Operating Transfers In	7,690	22,799	6,244
Operating Transfers (Out)	(129,043)		
Total Other Sources (Uses)	(121,353)	22,799	6,244
Net Change in Fund Balance	632,779	-	(97,628)
Fund Balances (Deficit) - Beginning of Year	6,592,284	-	226,692
Fund Balances (Deficit) - End of Year	\$ 7,225,063	\$ -	\$ 129,064

See Notes to Basic Financial Statements

Major Funds

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$	\$	\$ 16,474,335
		3,614,912
		136,557
9,052		75,070
		88,268
		756,429
	315,847	18,756,851
		70,976
		1,536,389
		217,042
9,052	315,847	41,726,829
162,474		4,166,129
		21,130,703
		1,125,151
		4,702
		10,542,612
1,271,000		4,307,677
121,842		651,238
		401,573
	9,566,455	9,566,455
1,555,316	9,566,455	51,896,240
(1,546,264)	(9,250,608)	(10,169,411)
	2,530,477	2,530,477
1,517,836		1,517,836
	7,425,000	7,425,000
632	100,000	137,365
(7,690)	(632)	(137,365)
1,510,778	10,054,845	11,473,313
(35,486)	804,237	1,303,902
476,396	(12,423,136)	(5,127,764)
\$ 440,910	\$(11,618,899)	\$ (3,823,862)

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, 2020

Net Change in Fund Balances - Total Governmental Funds **\$ 1,303,902**

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 expense. This is the net change in capital assets.

Capital Asset Additions	\$ 9,679,468	
Depreciation Expense	(1,752,261)	
Net Book Value of Disposed Assets	(15,285)	7,911,922

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 Debt	\$ (7,425,000)	
Premium on Obligations	(1,433,474)	
Principal Payment	1,777,200	(7,081,274)

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	\$ 250,535	
Other Postemployment Benefits Liability	(4,266,066)	(4,015,531)

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. (4,717)

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		152,097
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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		(71,158)
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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	\$ (500,444)	
TRS	(1,153,263)	(1,653,707)

Net Change in Net Position of Governmental Activities **\$ (3,458,466)**

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2020

	Private Purpose Trust Fund	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash - Unrestricted	\$	\$ 183,066
Cash - Restricted	31,750	-
Accounts Receivable		779
Total Assets	<hr/> 31,750	<hr/> \$ 183,845 <hr/>
LIABILITIES		
Extraclassroom Activity Funds Balances		152,564
Other Liabilities		31,281
Total Liabilities	<hr/> -	<hr/> \$ 183,845 <hr/>
NET POSITION		
Reserved for Scholarships	<hr/> \$ 31,750 <hr/>	

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund
ADDITIONS	
Gifts and Contributions	\$ 4,875
Investment Earnings	472
Total Additions	<u>5,347</u>
DEDUCTIONS	
Scholarships and Awards	<u>3,420</u>
Change in Net Position	1,927
Net Position - Beginning of Year	<u>29,823</u>
Net Position - End of Year	<u><u>\$ 31,750</u></u>

See Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020

***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.

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, 2020

***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.
- **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:
 - **Special Aid Fund:** Accounts for proceeds received from state and federal grants that are restricted for special educational programs.
 - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
- **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.
- **Capital Projects Fund:** Accounts for financial resources used for renovation of the School District's educational complex and purchase of buses.

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Basis of Presentation - Governmental Fund Financial Statements - Continued

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, 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.
- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

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.

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 inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Capital Assets

Capital assets are reported at actual cost. 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) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	40 Years
Building Improvements	5,000	Various
Furniture and Equipment	2,000	Various

Capital assets are depreciated using the straight-line method.

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

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 11 for additional information.

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 10 and 11, 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 10 and 11, respectively.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***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, 2020

***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, 2020

Note 1 **Summary of Significant Accounting Policies - 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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Legally Adopted Reserves - Continued

- 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.
- 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. This reserve is 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.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 4 and became lien on September 3, 2019. Taxes were collected during the period September 4, 2019 to November 1, 2019.

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported 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.

Future Changes in Accounting Standards

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending June 30, 2021.
- GASB has issued Statement No. 91, "Conduit Debt Obligations," effective for the year ending June 30, 2023.
- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending June 30, 2022.

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, 2020

Note 2 Participation in BOCES

During the year ended June 30, 2020, the School District's share of BOCES income amounted to \$2,532,977. The School District was billed \$7,656,540 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York 13905.

Note 3 Cash and Cash Equivalents - 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 \$9,832,879 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, 2020:

Restricted for General Fund Reserves	\$ 5,130,528
Restricted for Debt Service	440,910
Restricted for School Lunch	29,641
Restricted for Capital Projects	2,327,424
Subtotal	<u>7,928,503</u>
Private Purpose Trust Fund	<u>31,750</u>
Total	<u>\$ 7,960,253</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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	\$ 1,168,629
Total Due from Other Governments	1,168,629
Excess Cost	460,207
Transportation Aid	42,542
Federal Aid	467,845
Universal Prekindergarten	144,228
School Lunch	30,560
Miscellaneous	43,404
Total State and Federal aid	1,188,786
Total	\$ 2,357,415

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2020, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 866,197	\$ 35,475	\$ 7,690	\$ 129,043
Special Aid Fund		622,051	22,799	
School Lunch Fund	35,474		6,244	
Debt Service Fund	22		632	7,690
Capital Project Fund		244,167	100,000	632
Total	\$ 901,693	\$ 901,693	\$ 137,365	\$ 137,365

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 are accumulated from 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, 2020

Note 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2020, 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	9,325,319	9,227,086	(4,490,956)	14,061,449
Total Nondepreciable Historical Cost	<u>10,712,534</u>	<u>9,227,086</u>	<u>(4,490,956)</u>	<u>15,448,664</u>
Capital Assets That Are Depreciated:				
Buildings	57,009,264		4,490,956	61,500,220
Furniture and Equipment	7,180,581	452,382	(316,076)	7,316,887
Total Depreciable Historical Cost	<u>64,189,845</u>	<u>452,382</u>	<u>4,174,880</u>	<u>68,817,107</u>
Total Historical Cost	<u>74,902,379</u>	<u>9,679,468</u>	<u>(316,076)</u>	<u>84,265,771</u>
Less Accumulated Depreciation:				
Buildings	(27,039,885)	(1,314,464)		(28,354,349)
Furniture and Equipment	(5,101,419)	(437,797)	300,791	(5,238,425)
Total Accumulated Depreciation	<u>(32,141,304)</u>	<u>(1,752,261)</u>	<u>300,791</u>	<u>(33,592,774)</u>
Total Historical Cost, Net	<u>\$ 42,761,075</u>	<u>\$ 7,927,207</u>	<u>\$ (15,285)</u>	<u>\$ 50,672,997</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 74,177
Instruction	1,344,386
Pupil Transportation	319,971
School Lunch Program	<u>13,727</u>
Total Depreciation Expense	<u>\$ 1,752,261</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 2018 - Construction	3.00%	09/05/2019	\$ 731,433	\$	\$ (731,433)	\$ -
BAN 2019 - Buses	2.00%	06/26/2020	10,000,000		(10,000,000)	-
BAN 2019 - Construction	2.25%	06/26/2020	9,806,847		(9,806,847)	-
BAN 2019 - Construction	2.25%	09/04/2020	-	886,956		886,956
BAN 2020- Buses	1.25%	06/25/2021	-	12,720,000		12,720,000
Total			<u>\$ 20,538,280</u>	<u>\$ 13,606,956</u>	<u>\$ (20,538,280)</u>	<u>\$ 13,606,956</u>

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

Interest Paid	441,428
(Less) Interest Accrued in the Prior Year	(21,669)
Plus Interest Accrued in the Current Year	17,844
(Less) Amortization of BAN Premium	(84,362)
Total	<u>\$ 353,241</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 8 Long-Term Debt

At June 30, 2020, the total outstanding indebtedness of the School District represented 37.4% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows.

Serial Bonds, 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, 2020.

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Serial Bonds:				
Serial Bond	06/24/2010	06/15/2024	3.00% - 4.00%	\$ 780,000
Refunding Serial Bonds	10/30/2012	06/15/2023	2.00% - 4.50%	4,555,000
Statutory Installment Bond	08/03/2015	08/02/2020	3.47%	77,000
DASNY Bond	06/17/2020	06/15/2035	5.00%	7,425,000
Total Bond Principal				12,837,000
Unamortized Premium				1,409,798
Total				\$14,246,798

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

Interest Paid	\$ 209,810
(Less) Interest Accrued in the Prior Year	(18,113)
(Less) Premium Recognized in the Current Year	(152,097)
Plus Interest Accrued in the Current Year	26,655
Plus Amortization of Deferred Charges on Defeased Debt	71,158
Total	\$ 137,413

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, 2020

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	\$6,965,000	\$	\$ (1,630,000)	\$ 5,335,000	\$1,665,000
DASNY Bonds		7,425,000		7,425,000	545,000
Statutory Installment Bonds	224,200		(147,200)	77,000	77,000
Total Bonds	<u>7,189,200</u>	<u>7,425,000</u>	<u>(1,777,200)</u>	<u>12,837,000</u>	<u>2,287,000</u>
Unamortized Premiums	128,421	1,433,474	(152,097)	1,409,798	204,539
Total	<u>\$7,317,621</u>	<u>\$8,858,474</u>	<u>\$ (1,929,297)</u>	<u>\$14,246,798</u>	<u>\$2,491,539</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	\$ (197,673)	\$	\$ 71,158	\$ (126,515)	\$ (57,392)
Total	<u>\$ (197,673)</u>	<u>\$ -</u>	<u>\$ 71,158</u>	<u>\$ (126,515)</u>	<u>\$ (57,392)</u>

Unamortized defeased debt related to the 2012 bond refunding is amortized over the life of the bonds and the balance and activity are shown above.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,287,000	\$ 645,279	\$ 2,932,279
2022	2,380,000	465,494	2,845,494
2023	2,215,000	390,194	2,605,194
2024	690,000	295,700	985,700
2025	505,000	263,250	768,250
2026-2030	2,935,000	910,750	3,845,750
2031-2035	1,825,000	183,250	2,008,250
Total	<u>\$12,837,000</u>	<u>\$3,153,917</u>	<u>\$ 15,990,917</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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	\$1,015,028	\$ -	\$(250,535)	\$ 764,493

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 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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Teachers' Retirement System (TRS) (System) - Continued

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.

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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 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) - Continued

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.

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:

	<u>ERS</u>	<u>TRS</u>
2020	\$ 419,821	\$ 1,170,920
2019	440,098	1,098,092
2018	432,907	1,270,963

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

At June 30, 2020, 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, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 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

	ERS	TRS
Actuarial Valuation Date	04/01/2019	06/30/2018
Net Pension Asset/Liability	\$ 26,480,579,097	\$ (2,598,006,772)
School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability	2,577,977	(1,716,163)
School District's Share of the Plan's Net Pension Asset/Liability	0.00974%	0.066057%

For the year ended June 30, 2020, the School District recognized pension expense of \$919,788 for ERS and \$2,149,671 for TRS in the District-wide financial statements. At June 30, 2020, 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	\$ 151,724	\$1,163,000	\$	\$ 127,617
Changes of Assumptions	51,908	3,242,062	44,822	790,506
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,321,596			1,376,274
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	81,968	257,314	20,248	85,192
School District's Contributions Subsequent to the Measurement Date	108,393	995,053		
Total	\$1,715,589	\$5,657,429	\$ 65,070	\$2,379,589

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 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

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 270,749	\$ 803,757
2022	389,617	76,606
2023	490,959	800,943
2024	390,801	557,906
2025		80,020
Thereafter		(36,445)

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, 2020	June 30, 2019
Actuarial Valuation Date	April 1, 2019	June 30, 2018
Investment Rate of Return	6.8%	7.1%
Salary Increases	4.2%	1.90% - 4.72%
Cost of Living Adjustment	1.3%	1.3%
Inflation Rate	2.5%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 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 actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Asset Type		
Domestic Equities	4.1%	6.3%
International Equities	6.2%	7.8%
Global Equities		7.2%
Real Estate	5.0%	4.6%
Private Equity/Alternative Investments	6.8%	9.9%
Absolute Return Strategies	3.3%	
Opportunistic Portfolio	4.7%	
Real Assets	6.0%	
Cash	0.0%	
Inflation-Indexed Bonds	0.5%	
Domestic Fixed Income Securities		1.3%
Global Fixed Income Securities		0.9%
Private Debt		6.5%
Real Estate Debt		2.9%
High-yield Fixed Income Securities		3.6%
Mortgages and Bonds	0.8%	
Short-Term		0.3%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 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 asset/liability was 6.8% for ERS and 7.1% 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 asset/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 of 6.8% for ERS and 7.1% for TRS, 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 (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)								
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 4,731,315	\$ 2,577,977	\$ 594,743								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">TRS</th> <th style="text-align: center; border-bottom: 1px solid black;">1% Decrease (6.1%)</th> <th style="text-align: center; border-bottom: 1px solid black;">Current Assumption (7.1%)</th> <th style="text-align: center; border-bottom: 1px solid black;">1% Increase (8.1%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">School District's Proportionate Share of the Net Pension Asset/Liability</td> <td style="text-align: right;">\$ 7,746,581</td> <td style="text-align: right;">\$(1,716,163)</td> <td style="text-align: right;">\$ (9,654,338)</td> </tr> </tbody> </table>				TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)	School District's Proportionate Share of the Net Pension Asset/Liability	\$ 7,746,581	\$(1,716,163)	\$ (9,654,338)
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)								
School District's Proportionate Share of the Net Pension Asset/Liability	\$ 7,746,581	\$(1,716,163)	\$ (9,654,338)								

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 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, 2020	June 30, 2019
Employers' Total Pension Asset/Liability	\$ 194,596,261	\$ 119,879,474
Plan Net Position	(168,115,682)	(122,477,481)
Employers' Net Pension Asset/Liability	\$ 26,480,579	\$ (2,598,007)
Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability	86.4%	(102.2%)

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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$108,393.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October, and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to \$1,072,101.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 10 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 Liability	\$ 696,603	\$ 1,881,374	\$ 2,577,977
Deferred Outflows of Resources	(518,400)	(1,197,189)	(1,715,589)
Deferred Inflows of Resources	248,811	(183,741)	65,070
Subtotal	427,014	500,444	927,458
TRS			
Net Pension Asset	(1,227,423)	(488,740)	(1,716,163)
Deferred Outflows of Resources	(6,557,858)	900,429	(5,657,429)
Deferred Inflows of Resources	1,638,015	741,574	2,379,589
Subtotal	(6,147,266)	1,153,263	(4,994,003)
Total	\$ (5,720,252)	\$ 1,653,707	\$(4,066,545)

Note 11 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 4 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.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 11 Other Postemployment Benefits

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.

Employees Covered by Benefit Terms - At July 1, 2018, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	358
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	<u>224</u>
Total	<u><u>582</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$108,689,700 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2018 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	2.2%
Salary Increases Including Inflation	2.6%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	6.1% for 2020, Decreasing to an Ultimate Rate of 4.1% for Years After 2077

The long-term bond rate was based on a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2018 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, 2020

Note 11 Other Postemployment Benefits - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 90,994,413
 Changes for the Year	
Service Cost	2,371,399
Interest Cost	3,205,065
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs Benefit Payments	15,734,939
Benefit Payments	(3,616,116)
	17,695,287
 Balance at June 30, 2020	 \$ 108,689,700

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 (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 127,877,708	\$ 108,689,700	\$ 93,467,731

Changes of assumptions and other inputs reflect a change the discount rate from 3.5% in 2019 to 2.21% in 2020.

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 (5.1% to 3.1%) or 1 percentage point higher (7.1% to 5.1%) than the current healthcare cost trend rate.

	1% Decrease (5.1% to 3.1%)	Healthcare Cost Trend Rate (6.1% to 4.1%)	1% Increase (7.1% to 5.1%)
Total OPEB Liability	\$ 92,669,860	\$ 108,689,700	\$ 129,673,271

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 11 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, 2020, the School District recognized OPEB expense of \$7,882,182.

At June 30, 2020, 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	\$ 208,487	\$ 2,090,646
Changes in Assumptions or Other Inputs	12,874,041	319,611
Total	\$13,082,528	\$ 2,410,257

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
2021	\$ 2,305,718
2022	2,305,718
2023	2,305,718
2024	2,305,717
2025	1,449,400
Thereafter	-

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 90,994,413	\$ 17,695,287	\$ 108,689,700
Deferred Outflows of Resources	(255,871)	(12,826,657)	(13,082,528)
Deferred Inflows of Resources	3,012,821	(602,564)	2,410,257
Total	\$ 93,751,363	\$ 4,266,066	\$ 98,017,429

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***Note 12* 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 13760.

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, 2020, the School District incurred premiums or contribution expenditures totaling \$7,606,378.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

***Note 12* Commitments and Contingencies - Continued**

Workers' Compensation

The School District incurs costs related to a workers' compensation insurance plan (Plan). 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 13760.

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, 2020, the School District incurred premiums or contribution expenditures of \$201,165.

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, 2020

Note 13 Fund Balance Detail

At June 30, 2020, nonspendable, restricted, assigned, and unassigned fund balances in the Governmental Funds were as follows:

	General Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund
Nonspendable				
Inventory	\$	\$ 68,585	\$	\$
Total Nonspendable Fund Balance	\$ -	\$ 68,585	\$ -	\$ -
Restricted				
Reserve for Employees' Retirement Contributions	\$ 2,095,689	\$	\$	\$
Reserve for Teachers' Retirement Contributions	439,766			
Tax Certiorari Reserve	169,842			
Unemployment Insurance Reserve	302,837			
Employee Benefit Accrued Liability Reserve	117,686			
Capital Reserve	2,004,708			
School Lunch		60,479		
Debt			440,910	
Total Restricted Fund Balance	\$ 5,130,528	\$ 60,479	\$ 440,910	\$ -
Assigned				
Appropriated for Next Year's Budget	\$ 250,000	\$	\$	\$
Encumbered for:				
General Support	168,869			
Instruction	98,945			
Pupil Transportation	2,500			
Employee Benefits	5,101			
Total Assigned Fund Balance	\$ 525,415	\$ -	\$ -	\$ -
Unassigned				
Unreserved, Undesignated	\$ 1,569,120	\$	\$	\$(11,618,899)
Total Unassigned Fund Balance (Deficit)	\$ 1,569,120	\$ -	\$ -	\$(11,618,899)

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 14 Restricted/Reserved 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, 2020 of the General Fund reserves were as follows.

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Restricted					
Unemployment Insurance Reserve	\$ 305,835	\$	\$ 1,101	\$ (4,099)	\$ 302,837
Reserve for Employees' Retirement Contributions	2,088,173		7,516		2,095,689
Reserve for Teachers' Retirement Contributions	210,000	229,000	766		439,766
Tax Certiorari Reserve	169,233		609		169,842
Employee Benefit Accrued Liability Reserve	17,623	100,000	63		117,686
Capital Reserve	1,997,519		7,189		2,004,708
Total	<u>\$4,788,383</u>	<u>\$ 329,000</u>	<u>\$ 17,244</u>	<u>\$ (4,099)</u>	<u>\$5,130,528</u>

Note 15 Tax Abatements

For the year ended June 30, 2020, 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 \$67,576, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling \$202,727.

Note 16 Stewardship, Compliance, and Accountability

Deficit Fund Balance

The Capital Project Fund has a deficit fund balance of \$11,618,899 at year end. This deficit will be eliminated as short-term financing is repaid or converted into long-term financing and additional long-term financing is obtained for the renovation project.

Deficit Net Position

At June 30, 2020, the District-wide Statement of Net Position had an unrestricted deficit net position of \$92,867,915. 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 11.) This deficit is not expected to be eliminated during the normal course of operations.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 17 **Uncertainty**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies on the area in which the School District operates. The School District completed the school year in an online learning format and is beginning the 2020-2021 academic year in a partially online format. While it is unknown how long these conditions will last and what the complete financial effect will be, the School District expects disruptions to businesses and residents and potential effects to New York State government funding, which could negatively impact operating results in future periods.

Note 18 **Subsequent Events**

On September 3, 2020, the School District issued bond anticipation notes of \$994,478 at an interest rate of 0.64% to finance 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 19,849,067	\$ 16,468,613	\$ 16,474,335	\$ 5,722
Other Tax Items	231,612	3,612,066	3,614,912	2,846
Charges for Services	104,000	104,000	136,557	32,557
Use of Money and Property Sale of Property and Compensation for Loss	160,000	160,000	65,764	(94,236)
Miscellaneous	625,500	627,109	752,686	125,577
Total Local Sources	<u>20,970,179</u>	<u>21,051,269</u>	<u>21,132,522</u>	<u>81,253</u>
State Sources	18,134,886	18,134,886	18,008,747	(126,139)
Medicaid Reimbursement	65,000	65,000	70,976	5,976
Total Revenues	<u>39,170,065</u>	<u>39,251,155</u>	<u>39,212,245</u>	<u>(38,910)</u>
OTHER FINANCING SOURCES				
Operating Transfers In	7,690	7,690	7,690	-
Total Revenues and Other Financing Sources	<u>39,177,755</u>	<u>39,258,845</u>	<u>\$ 39,219,935</u>	<u>\$ (38,910)</u>
Appropriated Fund Balance	550,000	550,000		
Designated Fund Balance				
Encumbrances Carried Forward from Prior Year	159,888	159,888		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 39,887,643</u>	<u>\$ 39,968,733</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES		
General Support		
Board of Education	\$ 42,875	\$ 53,938
Central Administration	400,334	405,993
Finance	582,144	582,244
Staff	285,422	290,685
Central Services	2,480,456	2,666,463
Special Items	390,045	390,045
Total General Support	<u>4,181,276</u>	<u>4,389,368</u>
Instruction		
Instruction, Administration, and Improvement	1,313,487	1,390,863
Teaching - Regular School	8,770,441	8,550,558
Programs for Children with Handicapping Conditions	4,600,852	4,976,149
Occupational Education	925,198	920,198
Teaching - Special School	275,000	223,799
Instructional Media	2,070,802	2,029,474
Pupil Services	1,881,492	1,983,470
Total Instruction	<u>19,837,272</u>	<u>20,074,511</u>
Pupil Transportation	1,264,313	1,203,880
Community Services	7,900	7,900
Employee Benefits	10,697,075	10,580,437
Debt Service		
Principal	2,978,677	3,036,677
Interest	792,130	546,161
Total Debt Service	<u>3,770,807</u>	<u>3,582,838</u>
Total Expenditures	<u>39,758,643</u>	<u>39,838,934</u>
OTHER FINANCING USES		
Operating Transfers Out	129,000	129,799
Total Expenditures and Other Financing Uses	<u>\$ 39,887,643</u>	<u>\$ 39,968,733</u>
Net Change in Fund Balance		
Fund Balance - Beginning of Year		
Fund Balance - End of Year		

See Notes to Required Supplementary Information

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 45,689		\$ 8,249
392,516	314	13,163
551,795	150	30,299
279,848	53	10,784
2,360,327	168,352	137,784
373,480		16,565
4,003,655	168,869	216,844
1,298,898	1,439	90,526
8,295,543	54,377	200,638
4,723,681	11,756	240,712
920,198		-
216,179		7,620
1,968,710		50,308
1,932,443	20,917	30,110
19,355,652	98,945	619,914
1,100,042	2,500	101,338
4,702		3,198
10,427,989	5,101	147,347
3,036,677		-
529,396		16,765
3,566,073	-	16,765
38,458,113	275,415	1,105,406
129,043		756
38,587,156	\$ 275,415	\$ 1,106,162
632,779		
6,592,284		
\$ 7,225,063		

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 419,821	\$ 440,098	\$ 432,907
Contributions in Relation to the Contractually Required Contribution	(419,821)	(440,098)	(432,907)
Contribution Deficiency (Excess)	-	-	-
School District's Covered Employee Payroll	3,081,474	3,154,922	3,045,683
Contributions as a Percentage of Covered Employee Payroll	13.6%	13.9%	14.2%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 995,053	\$ 1,170,920	\$ 1,098,092
Contributions in Relation to the Contractually Required Contribution	(995,053)	(1,170,920)	(1,098,092)
Contribution Deficiency (Excess)	-	-	-
School District's Covered Employee Payroll	11,230,847	11,025,612	11,205,020
Contributions as a Percentage of Covered Employee Payroll	8.9%	10.6%	9.8%

See Notes to Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 439,804	\$ 543,201	\$ 475,731	\$ 544,064	\$ 533,516	\$ 455,836	\$ 310,035
(439,804)	(543,201)	(475,731)	(544,064)	(533,516)	(455,836)	(310,035)
-	-	-	-	-	-	-
3,097,134	2,970,158	2,790,507	2,792,567	2,869,191	2,790,625	2,654,572
14.2%	18.3%	17.0%	19.5%	18.6%	16.3%	11.7%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,270,963	\$ 1,461,950	\$ 1,826,206	\$ 1,670,185	\$ 1,220,417	\$ 1,145,226	\$ 876,685
(1,270,963)	(1,461,950)	(1,826,206)	(1,670,185)	(1,220,417)	(1,145,226)	(876,685)
-	-	-	-	-	-	-
10,844,394	11,025,264	10,417,604	10,278,062	10,307,576	10,308,065	10,170,360
11.7%	13.3%	17.5%	16.3%	11.8%	11.1%	8.6%

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,

	2020	2019
School District's Proportion of the Net Pension Asset/Liability	0.00974%	0.00983%
School District's Proportion of the Net Pension Asset/Liability	\$ 2,577,977	\$ 696,603
School District's Covered Employee Payroll During the Measurement Period	3,049,633	3,144,624
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Employee Payroll	84.5%	22.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	86.4%	96.3%

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

	2020	2019
School District's Proportion of the Net Pension Asset/Liability	0.066057%	0.067879%
School District's Proportion of the Net Pension Asset/Liability	\$ (1,716,163)	\$ (1,227,423)
School District's Covered Employee Payroll During the Measurement Period	11,025,612	11,205,020
School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Employee Payroll	15.6%	11.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability	102.2%	101.5%

See Notes to Required Supplementary Information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.01006%	0.01031%	0.01062%	0.00954%
\$ 324,603	\$ 968,504	\$ 1,705,262	\$ 322,167
3,012,703	3,131,810	2,916,274	2,748,584
10.8%	30.9%	58.5%	11.7%
98.2%	94.7%	90.7%	97.9%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.067464%	0.070535%	0.068454%	0.069580%
\$ (512,793)	\$ 755,464	\$ (7,110,173)	\$ (7,750,789)
10,844,394	11,025,264	10,417,604	10,278,061
4.7%	3.4%	68.3%	75.4%
100.7%	99.0%	110.4%	111.5%

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

	2020	2019	2018
Service Cost	\$ 2,371,399	\$ 2,496,697	\$ 3,139,894
Interest Cost	3,205,065	2,807,607	2,743,217
Changes of Benefit Terms		(20,325)	
Differences Between Expected and Actual Experience		(3,135,968)	350,639
Changes in Assumptions or Other Inputs Benefit Payments	15,734,939	(479,417)	
Benefit Payments	(3,616,116)	(3,502,835)	(3,386,528)
	17,695,287	(1,834,241)	2,847,222
Total OPEB Liability - Beginning	90,994,413	92,828,654	89,981,432
Total OPEB Liability - Ending	\$108,689,700	\$90,994,413	\$92,828,654
Covered Employee Payroll	\$ 11,957,772	\$11,957,772	\$14,908,208
Total OPEB Liability as a % of Covered Payroll	909.0%	761.0%	622.7%

* 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

2017	2016	2015	2014	2013	2012	2011
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>\$89,981,432</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

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.

The original adopted budget and changes are as follows:

Original Adopted Budget	\$ 39,727,755
Prior Year Encumbrances	159,888
Insurance Recoveries	79,481
Gifts and Donations	<u>1,609</u>
Final Budget	<u>\$ 39,968,733</u>

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.

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, 2020.

Note 3 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2020 - 2.21%
2019 - 3.50%

Note 4 Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability

The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, presents six years of information. These schedules will present ten years of information as it becomes available from the pension plans.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

Note 5 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

There were no significant legislative changes in benefits for the April 1, 2019 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used.

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.2% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

Note 5 **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 - Continued**

NYSTRS

Changes in Benefit Terms

Effective with the 2019 actuarial valuation, an increase in the NYS Governor's salary limit from \$179,000 to \$200,000 per annum went into effect, impacting Tier 6 members. The Governor's salary limit may ultimately increase to \$250,000 phased in over the next two years.

Changes of Assumptions

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 7.10%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.2%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.50% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement is changed from MP-2014 to MP-2018.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

Note 5 **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 - Continued**

NYSTRS

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset Valuation Method	Five year phased in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after 5 years.
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Inflation	2.3%
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Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.1% compounded annually, net of investment expenses, including inflation.
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Projected Cost of Living Adjustments	1.3% compounded annually.
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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, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 39,727,755
Prior Year's Encumbrances	<u>159,888</u>
Original Budget	<u>39,887,643</u>
Insurance Recoveries	<u>79,481</u>
Gifts and Donations	<u>1,609</u>
Total Additions	<u>81,090</u>
Final Budget	<u><u>\$ 39,968,733</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u><u>\$ 40,897,582</u></u>
Maximum Allowed (4% of the 2020-2021 Budget)	<u><u>\$ 1,635,903</u></u>
General Fund fund balance subject to §1318 of Real Property Tax Law:	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 525,415
Unassigned Fund Balance	<u>1,569,120</u>
Total Unrestricted Fund Balance	<u>2,094,535</u>
Less:	
Appropriated Fund Balance	250,000
Encumbrances Included in Assigned Fund Balance	<u>275,415</u>
Total Adjustments	<u>525,415</u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u><u>\$ 1,569,120</u></u>
Actual Percentage	3.8%

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Revised Budget	Expenditures			
			Prior Years	Current Year	Transfers	Total
Port Dickinson Elementary Reconstruction 0001-007	\$ 1,964,322	\$ 1,977,431	\$ 1,964,742	\$ 12,689	\$	\$ 1,977,431
Port Dickinson Elementary Reconstruction 0001-008	357,924	396,382	408,139			408,139
Port Dickinson Elementary Reconstruction 0001-011	1,085,000	1,382,232	97,591	408,689		506,280
Port Dickinson Elementary Reconstruction 0001-012	250,440	211,879	211,879			211,879
Port Dickinson Elementary Reconstruction 0001-013	3,608,040	3,608,040	426,093	3,210,763		3,636,856
Port Dickinson Elementary Reconstruction 0001-014	98,000	98,000	104,486	32,381		136,867
Middle/High School Reconstruction 0002-012	22,057	553,257	553,257			553,257
Middle/High School Reconstruction 0002-013	599,967	511,518	878,151			878,151
Port Dickinson Elementary Reconstruction 0001-015	100,000	100,000		100,000		100,000
Middle/High School Reconstruction 0002-018	1,692,198	1,692,198	1,485,112	62,081		1,547,193
Middle/High School Reconstruction 0002-019	2,996,200	2,996,200	356,884	1,229,765		1,586,649
Chenango Bridge Elementary Reconstruction 0004-010	1,420,552	1,410,055	1,397,265	12,790		1,410,055
Chenango Bridge Elementary Reconstruction 0004-011	285,844	374,298	421,866			421,866
Chenango Bridge Elementary Reconstruction 0004-014	825,530	825,530	347,976	423,122		771,098
Chenango Bridge Elementary Reconstruction 0004-015	3,195,328	3,195,328	308,171	2,161,006		2,469,177
Maintenance Storage Building 4007-001	109,368	109,368	12,396	(12,146)		250
Bus Garage Reconstruction 5006-005	439,823	438,508	12,972			12,972
Bus Garage Reconstruction 5006-006	55,104	144,288	144,288			144,288
Bus Garage Reconstruction 5006-009	1,186,634	1,186,634	295	736,845		737,140
Outdoor Classroom 0013-001	601,000	601,000	28,109	655,139		683,248
New Concession/Storage Building 7010-003	4,000	4,000	1,084			1,084
St. Francis 8014-001	155,100	201,100		186,757		186,757
CV Pre-Ref 9999-999	25,000	25,000		7,206		7,206
2019-2020 Buses	330,000	340,000		339,368	632	340,000
Unredeemed BANs						-
Total	\$21,407,431	\$22,382,246	\$ 9,160,756	\$ 9,566,455	\$ 632	\$ 18,727,843

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

Unexpended Balance	Methods of Financing			Total	Fund Balance (Deficit) June 30, 2020
	Proceeds of Obligations	State Aid	Local Sources		
	\$ 1,977,431	\$	\$	\$ 1,977,431	\$ -
(11,757)	180,120	461,013		641,133	232,994 *
875,952	1,056,688		214,705	1,271,393	765,113 *
	211,879			211,879	-
(28,816)	2,034,684		447,201	2,481,885	(1,154,971) *
(38,867)				-	(136,867) *
	553,257			553,257	-
(366,633)	565,364	315,847		881,211	3,060 *
			100,000	100,000	-
145,005	4,380,397		272,489	4,652,886	3,105,693 *
1,409,551	1,229,020		371,623	1,600,643	13,994 *
	1,276,914		133,141	1,410,055	-
(47,568)	120,857	461,013		581,870	160,004 *
54,432	1,111,536		130,989	1,242,525	471,427 *
726,151	1,365,520		264,231	1,629,751	(839,426) *
109,118	23,250		14,984	38,234	37,984 *
425,536	48,172			48,172	35,200 *
	144,288			144,288	-
449,494	380,822		150,616	531,438	(205,702) *
(82,248)	300,498			300,498	(382,750) *
2,916	3,310		21	3,331	2,247 *
14,343	71,663			71,663	(115,094) *
17,794	2,357			2,357	(4,849) *
	340,000			340,000	-
	(13,606,956)			(13,606,956)	(13,606,956)
\$ 3,654,403	\$ 3,771,071	\$ 1,237,873	\$ 2,100,000	\$ 7,108,944	\$ (11,618,899)

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets, Net	<u>\$ 50,672,997</u>
Add:	
Deferred Charges on Defeased Debt	<u>126,515</u>
Unspent Debt Proceeds	<u>2,327,424</u>
Deduct:	
Bond Anticipation Notes	<u>(13,606,956)</u>
Unamortized Premium on Bonds Payable	<u>(1,409,798)</u>
Bonds Payable	<u>(12,837,000)</u>
 Net Investment in Capital Assets	 <u><u>\$ 25,273,182</u></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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chenango Valley Central School District (the School District), as of and for the year ended June 30, 2020, 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 22, 2020.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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,

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 22, 2020

**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

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, 2020. 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.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 22, 2020

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	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	0021200165	\$	\$ 380,704
Title I Grants to Local Educational Agencies	84.010	0021190165		2,935
		Subtotal		383,639
Special Education Cluster:				
Special Education - Grants to States	84.027	0032200053		455,519
Special Education - Grants to States	84.027	0032190053		1,298
Special Education - Preschool Grants	84.173	0033200053		10,365
Special Education - Preschool Grants	84.173	0033190053		1,456
Total Special Education Cluster		Subtotal		468,638
Supporting Effective Instruction State Grants	84.367	0147200165		49,945
Supporting Effective Instruction State Grants	84.367	0147190165		11,087
		Subtotal		61,032
Title I, Part D Prevention and Intervention Programs for Children and Youth who are Neglected, Delinquent, or at Risk	84.013	0016200165		68,313
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204201165		15,627
Total U.S. Department of Education				997,249
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)		268,014
School Breakfast Program	10.553	(1)		143,872
COVID-19-Summer Food Service Program	10.559	(1)		127,254
Total Child Nutrition Cluster				539,140
Total U.S. Department of Agriculture				539,140
Total Expenditures of Federal Awards			\$ -	\$ 1,536,389

(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, 2020

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, i.e., 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, 2020, the School District received \$64,263 worth of commodities under the National School Lunch Program (CFDA #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, 2020

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

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

Noncompliance material to financial statements noted? ___ yes X none reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X 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 X no

Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster
10.555, 10.553, 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk? X yes ___ no

Section II Financial Statement Findings None

Section III Federal Award Findings and Questioned Costs None