

**SPENCER-VAN ETTEN
CENTRAL SCHOOL DISTRICT**

Spencer, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2022**



SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS **JUNE 30, 2022**

Independent Auditors' Report	1-4
Required Supplementary Information	
Management's Discussion and Analysis	5-5k
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	6-7
Statement of Activities	8
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Governmental Funds	11
Reconciliation of Governmental Funds to the Statement of Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to Financial Statements	15-50

Required Supplementary Information	
Schedule of Revenues Compared to Budget (Non-U.S. GAAP) - General Fund	51
Schedule of Expenditures Compared to Budget (Non-U.S. GAAP) - General Fund	52
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	53
Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans	54
Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability	55
Notes to Required Supplementary Information	56-60

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS JUNE 30, 2022

Supplementary Financial Information

Balance Sheet - Non-Major Governmental Funds	61
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds	62
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	63
Schedule of Project Expenditures - Capital Projects Fund	64
Schedule of Net Investment in Capital Assets	65

Report Required Under *Government Auditing Standards*

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 <i>Government Auditing Standards</i>	66-67
---	-------

Reports Required Under the Single Audit Act (Uniform Guidance)

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	68-70
Schedule of Expenditures of Federal Awards	71
Notes to Schedule of Expenditures of Federal Awards	72
Schedule of Findings and Questioned Costs	73



INDEPENDENT AUDITORS' REPORT

Board of Education
Spencer-Van Etten Central School District
Spencer, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Spencer-Van Etten Central School District (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

During the year ended June 30, 2022, the School District adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." As discussed in Note 19 to the financial statements, assets, liabilities, and net position as of June 30, 2021 for the governmental activities was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information); and Schedule of Expenditures of Federal Awards; as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 30, 2022

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2022. 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 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

- The School District ended the year with a total net position deficit of \$15,257,310, an increase of \$6,082,634 from the prior year. Year-end net position was composed of \$6,308,041 in restricted, \$20,017,300 in net investment in capital assets, and \$41,582,651 in unrestricted net position (deficit). The unrestricted net deficit decreased \$4,039,336 compared to the prior year. Unrestricted net position deficit at June 30, 2022 is primarily attributable to recognition of the net other postemployment benefits (OPEB) obligation.
- During 2022, fund balance in the General Fund increased \$1,390,866, based on excess revenue over expenditures. Total General Fund fund balance, including reserves, increased from \$5,933,171 at the end of 2021 to \$7,324,037 at June 30, 2022. General Fund expenditures were under budget by \$2,377,275 in 2022.
- Outstanding debt of the School District at June 30, 2022 was \$14,002,301; an increase of \$2,338,501 from the prior year. The increase is primarily due to a larger Bond Anticipation Note in the current year.
- The School District complies with Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - An Amendment of GASB Statements No. 27, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date." Current year recognition resulted in a decrease of pension expense of \$1,280,486, compared to an increase of \$857,268 in the prior year.
- Revenues exceeded expenses by \$6,082,634 in 2022, compared to \$1,357,058 in 2021.
- The School District recognizes its total OPEB liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan in accordance with the parameters of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition resulted in a decrease in Government-wide expenses of \$2,362,928, compared to \$373,919 in 2021.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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 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 statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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 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 District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits, and information related to the School District pension obligations.

District-Wide Statements

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

The two District-wide statements report the School District's net position and how it has changed. Net position (the difference between the School District's assets, deferred inflows of resources; and deferred outflows of resources, and liabilities) 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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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 financial 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 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 position for fiscal year ended June 30, 2022 increased by \$6,082,634. Our analysis focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Current Assets</i>	\$ 5,584,219	\$ 4,093,846	\$ 1,490,373
<i>Noncurrent Assets</i>	13,507,837	4,842,361	8,665,476
<i>Capital Assets, Net</i>	35,061,990	31,015,429	4,046,561
<i>Total Assets</i>	54,154,046	39,951,636	14,202,410
<i>Pensions</i>	4,895,607	5,366,593	(470,986)
<i>Other Postemployment Benefits</i>	9,731,077	9,395,588	335,489
<i>Deferred Charges on Defeased Debt</i>	64,414	72,624	(8,210)
<i>Total Deferred Outflows of Resources</i>	14,691,098	14,834,805	(143,707)
<i>Current Liabilities</i>	9,893,172	4,068,686	5,824,486
<i>Noncurrent Liabilities</i>	37,943,134	39,967,395	(2,024,261)
<i>Total Liabilities</i>	47,836,306	44,036,081	3,800,225
<i>Pensions</i>	9,245,549	2,466,783	6,778,766
<i>Other Postemployment Benefits</i>	27,020,599	29,623,521	(2,602,922)
<i>Total Deferred Inflows of Resources</i>	36,266,148	32,090,304	4,175,844
<i>Net Investment in Capital Assets</i>	20,017,300	19,424,253	593,047
<i>Restricted</i>	6,308,041	4,857,790	1,450,251
<i>Unrestricted</i>	(41,582,651)	(45,621,987)	4,039,336
<i>Total Net Position (Deficit)</i>	\$ (15,257,310)	\$ (21,339,944)	\$ 6,082,634

The increase in noncurrent assets is due to increased funding of the reserves and the change in the pension plan assets. The increase in net capital assets is a result of current year capital outlay exceeding depreciation expense.

The changes in deferred inflows of resources - pensions, and deferred outflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the School District's net pension (asset)/liability and related deferred outflows and deferred inflows of resources for pension plans, as recognized under GASB Statement No. 68.

The increase in current liabilities is primarily the result of a large bond anticipation note in the current year to finance the capital project. The decrease in noncurrent liabilities is due to payments on long-term debt in the current year and the change in the pension liabilities.

Additional changes in noncurrent liabilities, deferred outflows of resources - other postemployment benefits, and deferred inflows of resources - other postemployment benefits, are due to actuarially determined changes in the future costs of plan benefits recognized under GASB Statement No. 75.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The increase in net investment in capital assets was primarily due to the net effect of capital additions and debt reduction exceeding depreciation expense. Increases in restricted net position are primarily due to increased funding of reserves in the General Fund. The net effect of the School District's activities resulted in a decrease in the unrestricted net deficit of \$4,039,336.

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

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 92,079	\$ 80,803	\$ 11,276
<i>Operating Grants</i>	2,395,158	1,472,084	923,074
<i>Capital Grants</i>	317,531	49,311	268,220
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	6,288,973	6,112,081	176,892
<i>Real Property Tax Items</i>	1,083,050	1,106,940	(23,890)
<i>Unrestricted State Sources</i>	15,186,565	14,420,929	765,636
<i>Use of Money and Property</i>	6,742	8,898	(2,156)
<i>Other General Revenues</i>	553,309	337,524	215,785
<i>Total Revenues</i>	25,923,407	23,588,570	2,334,837
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	3,138,676	3,610,087	(471,411)
<i>Instruction</i>	14,543,932	16,418,835	(1,874,903)
<i>Pupil Transportation</i>	1,376,456	1,387,998	(11,542)
<i>Community Service</i>	5,992	5,223	769
<i>School Lunch Program</i>	508,705	555,577	(46,872)
<i>Interest on Debt</i>	267,012	253,792	13,220
<i>Total Expenses</i>	\$ 19,840,773	\$ 22,231,512	\$ (2,390,739)
<i>CHANGE IN NET POSITION</i>	\$ 6,082,634	\$ 1,357,058	\$ 4,725,576

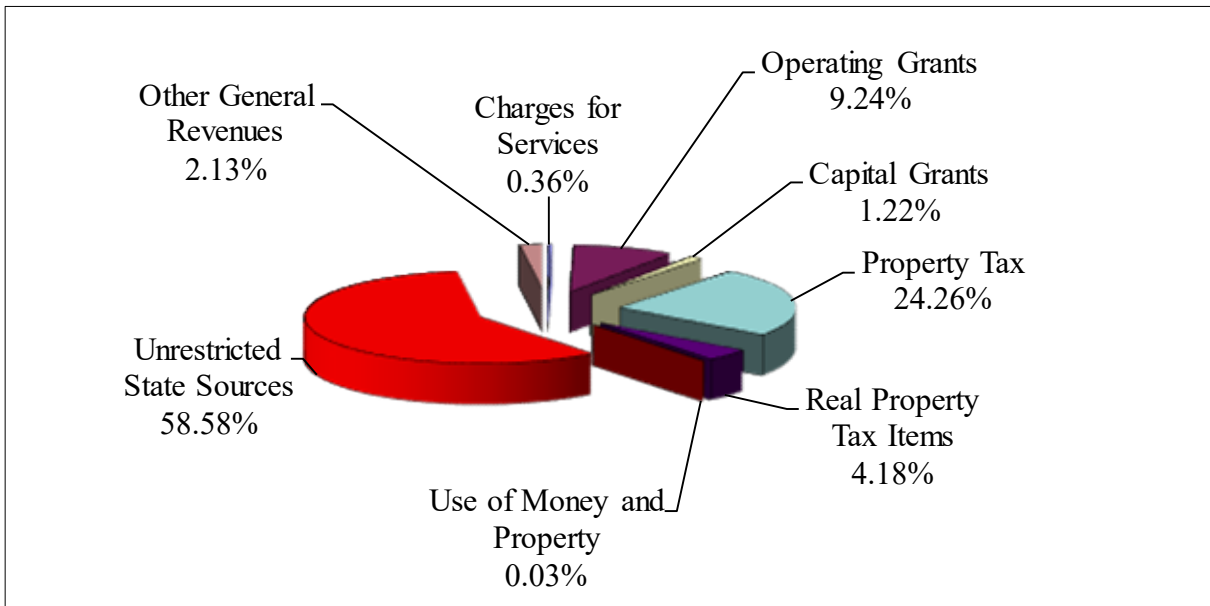
Total revenues for the School District's Governmental Activities increased by \$2,334,837, or 9.9%, while total expenses decreased \$2,390,739 or (10.75%). The increase in revenue is mostly due to increases in operating grants due to new pandemic related funding and increases in State Aid. The decrease in expenses is primarily due to a decrease in the School District's net OPEB liability as well as a reduction in pension expense.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

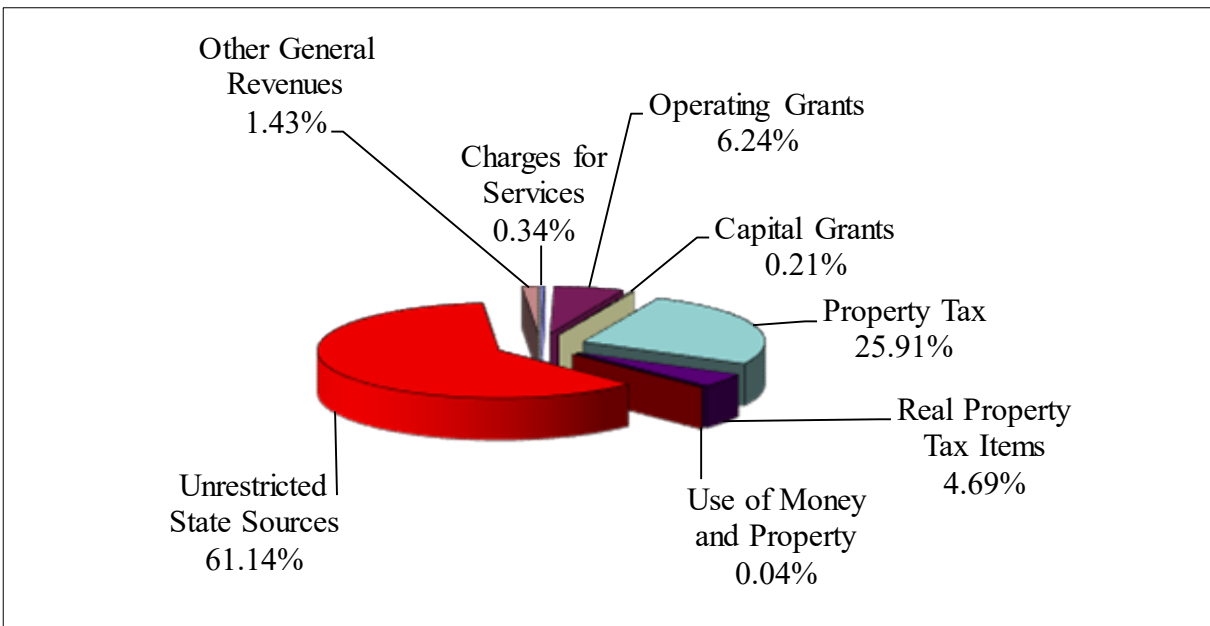
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 3 and Figure 4 show the sources of revenue for 2022 and 2021.

***Figure 3
Sources of Revenue for 2022***



***Figure 4
Sources of Revenue for 2021***

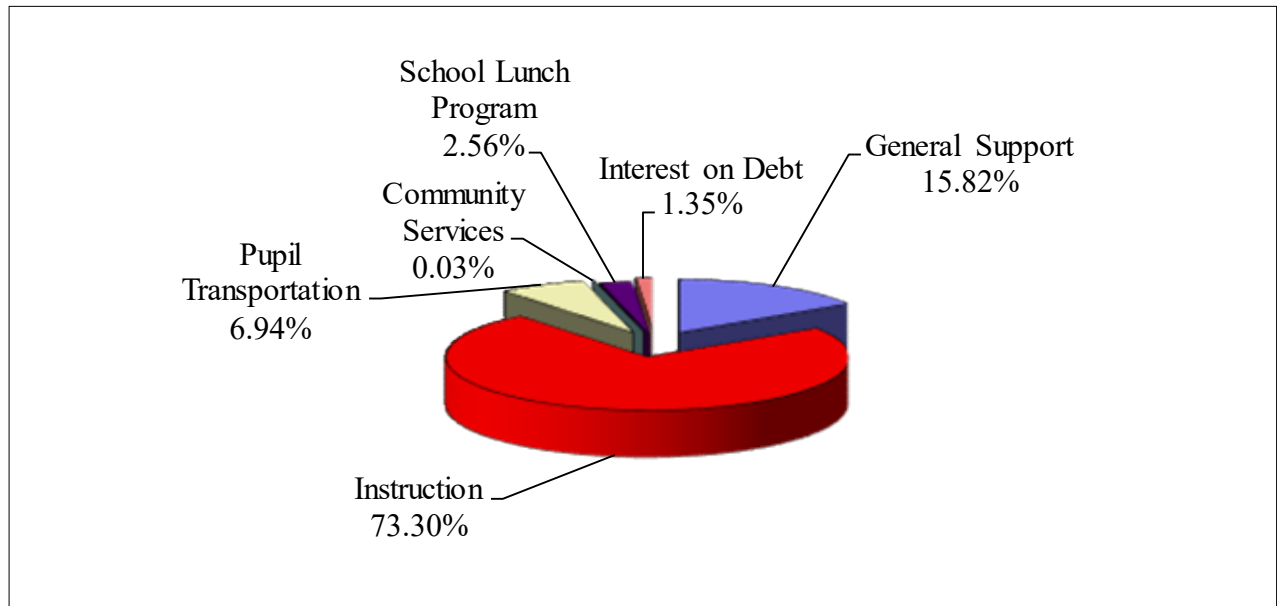


SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

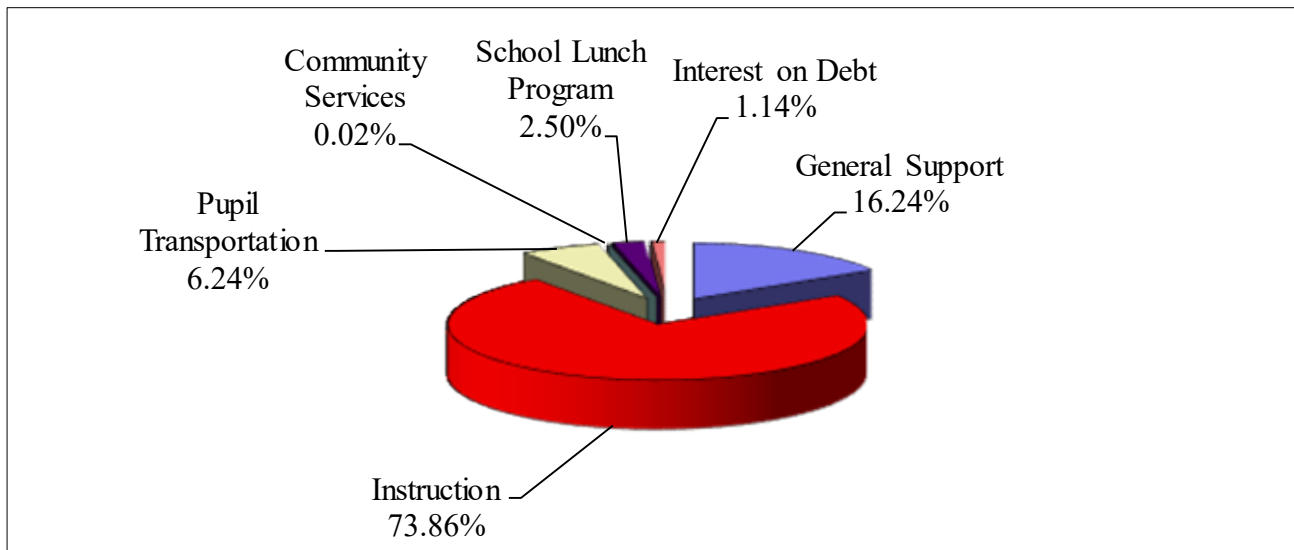
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 5 and Figure 6 present the cost for each of the School District's programs for 2022 and 2021.

***Figure 5
Cost of Programs for 2022***



***Figure 6
Cost of Programs for 2021***



SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balance for the year for the School District's Funds. The School District experienced a decrease in total fund balance, which is primarily attributable to expenditures over revenues in the Capital Fund. Capital Fund related to the current capital project. The deficit in Capital Projects Fund will be alleviated when the short-term debt is converted to long-term.

Figure 7

<i>Governmental Fund Balances</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 7,324,037	\$ 5,933,171	\$ 1,390,866
<i>Capital Projects Fund</i>	(4,829,976)	67,561	(4,897,537)
<i>School Lunch Fund - Non-Major</i>	113,001	29,114	83,887
<i>Debt Service Fund - Non-Major</i>	624,995	611,054	13,941
<i>Special Revenue Fund - PBIS - Non-Major</i>	1,219	1,462	(243)
<i>Misc. Special Revenue Fund - Non-Major</i>	215,905	221,690	(5,785)
<i>Total Governmental Fund Balance</i>	\$ 3,449,181	\$ 6,864,052	\$ (3,414,871)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves all budgetary transfers which revise School District budget line items. These budget amendments consist of budget transfers between functions. In addition to these transfers, the voter approved budget was increased by \$49,105 for appropriation of reserves and unanticipated revenue. Actual charges to appropriations (expenditures) were below final budget amounts by \$2,377,275, which includes carry-over encumbrances. *Figure 8* summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ended June 30, 2022.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2022</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>	\$ 7,145,248	\$ 7,145,248	\$ 6,288,973	\$ (856,275)
<i>Other Tax Items</i>	199,676	199,676	1,083,050	883,374
<i>State Sources</i>	15,164,607	15,164,607	15,227,062	62,455
<i>Federal Sources</i>	-	1,894	10,989	9,095
<i>Other, Including Financing Sources</i>	362,300	362,300	666,711	304,411
Total Revenues and Other Financing Sources	\$ 22,871,831	\$ 22,873,725	\$ 23,276,785	\$ 403,060
Appropriated Fund Balances, Appropriated Reserves, and Encumbrances	\$ 1,610,203	\$ 1,657,414		
EXPENDITURES				
<i>General Support</i>	\$ 2,966,653	\$ 3,083,814	\$ 2,875,691	\$ 208,123
<i>Instruction</i>	12,011,697	11,897,350	10,911,702	985,648
<i>Pupil Transportation</i>	1,002,765	1,023,075	985,522	37,553
<i>Employee Benefits</i>	6,236,812	6,173,250	5,027,299	1,145,951
<i>Debt Service</i>	2,264,107	2,344,985	2,344,985	-
<i>Other Financing (Uses)</i>	-	8,665	8,665	-
Total Expenditures and Other Financing (Uses)	\$ 24,482,034	\$ 24,531,139	\$ 22,153,864	\$ 2,377,275

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the School District had invested in a broad range of capital assets. This amount represents a net increase (including additions, intangible lease assets, disposals, and accumulated depreciation and amortization) of \$4,046,561 from last year.

Figure 9

<i>Changes in Net Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Land</i>	\$ 19,589	\$ 34,481	\$ (14,892)
<i>Construction in Progress</i>	5,674,161	590,663	5,083,498
<i>Buildings, Net</i>	26,888,877	28,050,082	(1,161,205)
<i>Equipment, Net</i>	2,015,328	1,945,263	70,065
<i>Intangible Lease Assets, Net</i>	464,035	394,940	69,095
Total	\$ 35,061,990	\$ 31,015,429	\$ 4,046,561

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Capital asset activity for the year ended June 30, 2022 included the following:

Furniture and Equipment	\$ 575,713
Construction in Progress	5,083,498
Intangible Lease Asset Additions	137,937
Total Additions	<u>5,797,148</u>
Less Depreciation Expense	(1,495,076)
Less Amortization Expense	(68,842)
Disposals, Net of Accumulated Depreciation	<u>(186,669)</u>
Net Change in Capital Assets, Net	<u>\$ 4,046,561</u>

Debt Administration

Figure 10 shows the changes in the School District's outstanding debt, including its lease liabilities. Total indebtedness represented 37.9% of the constitutional debt limit, exclusive of building and estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Lease Liabilities</i>	\$ 108,120	\$ 27,200	\$ 80,920
<i>Serial Bonds</i>	8,324,242	10,195,682	(1,871,440)
<i>Capital Leases</i>	1,059,939	1,175,918	(115,979)
<i>Bond Anticipation Notes</i>	4,510,000	265,000	4,245,000
<i>Totals</i>	\$ 14,002,301	\$ 11,663,800	\$ 2,338,501

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

Other obligations of the School District include accrued vacation pay and sick leave, other postemployment benefits for retired employees, and the School District's proportionate share of the net pension liabilities. More detailed information about the School District's long-term obligations is presented in the notes to the financial statements.

The School District's bond rating is A1, which did not change from the prior year.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- Similar to other districts across the state, the remnants of the global pandemic and spikes in various variants will have an impact on the 2022-2023 financial outlook; however, the CDC issuing relaxed guidance is a big step in working towards the pandemic becoming similar to a regular annual influenza virus.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

- The School District is in the second year of using the Federal Aid provided through three different stimulus packages. The School District will continue to monitor the impact of the Federal Aid into the future and are also being mindful of the financial impact in the future of those programs that are being funded with the additional federal aid packages. To the extent possible, the district is trying to supplant and not supplement our budget through these programs which are focused on learning loss, credit recovery, and social and emotional learning.
- The School District's Smart Schools Investment Plan was split into two projects. Half of the project was completed in June of 2020 and additional work was completed in the fall of 2021. We are also awaiting approval for a final phase and hope to have that work completed in the winter/spring of 2023.
- The cost of benefits is a continual concern. Health Insurance is 17.81% of our current budget, and we are faced with the volatility of being self-insured since the collapse of the NY44 Health Insurance Program that many schools in the area were part of. In addition, retirement costs are 4.33% of the budget. Given the economic uncertainty that developed during 2020 by the pandemic and how the rates are amortized, as well as current inflation at 40-year record highs, we could see additional volatility there similar to the recession a decade ago with the rates over time.
- Since its creation in 2012, and now being a permanent part of law, the Tax Cap continues to limit the amount of levy the district has in the current year as well as subsequent years. The district realized a 3% growth in property assessments from 2021-2022 to 2022-2023. Overall, the growth in the tax rate was modest, with changes in the equalization rate of six towns having a bigger impact on taxes than the impact from the 2.61% tax levy increase.
- The School District will again be receiving the Statewide Universal Full-Day Prekindergarten Program Grant, allowing the School District to continue with full-day Pre-K classes in 2022-2023. The School District will also receive the Expanded Pre-K grant for 3-year old program; providing continued full day classes again in 2022-2023.
- The School District continues to be challenged with our current New York State Foundation Aid formula. Prior to the 2022-2023 school we were underfunded but did receive our total allocation this year. We continue to watch this area as growth is essential to allow for the continuation of a sound and basic education for our school community.
- The School District is receiving the Community Schools Aid set-aside for 2022-23 in the amount of \$100,000. The community schools set aside is used to earmark funds towards the benefit of family engagement, strong community partnerships and additional supports for students and families. Community Schools are designed to counter environmental factors that impede student achievement.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

- The School District received a \$947,000 Competitive Grant that runs through the 2027 school year from the New York State Office of Mental Health that will support our district and assist students and staff with additional supports and programs for the community that were initially exasperated during the pandemic and the support will be helpful with our ongoing recovery from the global pandemic.
- The School District had a Capital Project approved by the community on March 16, 2021, and the project was approved by the State Education Department in January of 2022. The groundbreaking took place in April of 2022, and due to supply chain shortages, some of the work will be completed between now and the spring of 2023. The project was planned by taking the data from the state mandated Building Condition Survey. The project has focused on infrastructure, safety, and security.

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 Deb Eichholtz in the District Office, 16 Darts Crossroad, Spencer, New York 14883.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2022

ASSETS

Current Assets

Cash - Unrestricted	\$ 3,519,787
Cash - Restricted	34,391
Receivables:	
State and Federal Aid	1,221,902
Due from Other Governments	633,238
Other	149,387
Inventories	25,514
Total Current Assets	5,584,219

Noncurrent Assets

Restricted Cash	6,003,430
Investments - Restricted	204,223
Net Pension Asset - Proportionate Share	7,300,184
Non-Depreciable Capital Assets	5,693,750
Depreciable Capital Assets, Net	28,904,205
Intangible Lease Assets, Net	464,035
Total Noncurrent Assets	48,569,827

Total Assets	54,154,046
---------------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Pensions	4,895,607
Deferred Outflows of Resources - OPEB	9,731,077
Deferred Charges on Defeased Debt	64,414

Total Deferred Outflows of Resources	14,691,098
---	-------------------

LIABILITIES

Current Liabilities

Payables:	
Accounts Payable	1,717,626
Accrued Liabilities	254,576
Due to Other Governments	48,567
Bond Interest and Matured Bonds	9,112
Other Liabilities	687,336
Bond Anticipation Notes Payable	4,510,000
Due to Teachers' Retirement System	757,221
Due to Employees' Retirement System	59,035
Compensated Absences Payable	50,371
Unearned Revenues	257,959
Subtotal of Current Liabilities	8,351,803

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2022

Subtotal of Current Liabilities Brought Forward	<u>\$ 8,351,803</u>
Current Portion of Long-Term Liabilities	
Bonds Payable	<u>1,289,778</u>
Retainage Payable	<u>102,610</u>
Capital Leases Payable	<u>119,403</u>
Leases Liabilities	<u>29,578</u>
Total Current Liabilities	<u>9,893,172</u>
Noncurrent Liabilities and Obligations	
Bonds Payable	<u>7,034,464</u>
Capital Leases Payable	<u>940,536</u>
Lease Liabilities	<u>78,542</u>
Compensated Absences Payable	<u>900,258</u>
Other Postemployment Benefits Liability	<u>28,989,334</u>
Total Noncurrent Liabilities and Obligations	<u>37,943,134</u>
Total Liabilities	<u>47,836,306</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pensions	<u>9,245,549</u>
Deferred Inflows of Resources - OPEB	<u>27,020,599</u>
Total Deferred Inflows of Resources	<u>36,266,148</u>
NET ASSETS	
Net Investment in Capital Assets	<u>20,017,300</u>
Restricted	<u>6,308,041</u>
Unrestricted (Deficit)	<u>(41,582,651)</u>
Total Net Position (Deficit)	<u><u>\$ (15,257,310)</u></u>

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 3,138,676	\$ -	\$ -	\$ -	\$ (3,138,676)
Instruction	14,543,932	75,332	1,782,773	317,531	(12,368,296)
Pupil Transportation	1,376,456	-	-	-	(1,376,456)
Community Services	5,992	-	-	-	(5,992)
School Lunch Program	508,705	16,747	612,385	-	120,427
Interest on Debt	267,012	-	-	-	(267,012)
Total Functions and Programs	\$ 19,840,773	\$ 92,079	\$ 2,395,158	\$ 317,531	(17,036,005)
GENERAL REVENUES					
Real Property Taxes					6,288,973
Real Property Tax Items					1,083,050
Use of Money and Property					6,742
Unrestricted State Sources					15,186,565
Gain on Disposals, Net					122,657
Miscellaneous					430,652
Total General Revenues					23,118,639
Change in Net Position					6,082,634
Total Net Position (Deficit) - Beginning of Year					(21,339,944)
Total Net Position (Deficit) - End of Year					\$ (15,257,310)

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	Major Funds		Total	Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Governmental Funds
ASSETS				
Cash - Unrestricted	\$ 2,669,799	\$ 849,988	\$ -	\$ 3,519,787
Cash - Restricted	5,378,435	57	659,329	6,037,821
Investments - Restricted	-	-	204,223	204,223
Receivables:				
Due from Other Funds	851,193	-	1,276	852,469
State and Federal Aid	231,194	340,284	650,424	1,221,902
Due from Other Governments	633,238	-	-	633,238
Other	104,400	-	44,987	149,387
Inventories	-	-	25,514	25,514
Total Assets	\$ 9,868,259	\$ 1,190,329	\$ 1,585,753	\$ 12,644,341
LIABILITIES				
Payables:				
Accounts Payable	\$ 686,871	\$ 1,004,193	\$ 26,562	\$ 1,717,626
Accrued Liabilities	253,702	-	874	254,576
Due to Other Funds	1,219	506,112	345,138	852,469
Due to Other Governments	48,467	-	100	48,567
Bond Anticipation Notes Payable	-	4,510,000	-	4,510,000
Due to Teachers' Retirement System	757,221	-	-	757,221
Due to Employees' Retirement System	59,035	-	-	59,035
Compensated Absences Payable	50,371	-	-	50,371
Unearned Revenues	-	-	257,959	257,959
Other Liabilities	687,336	-	-	687,336
Total Liabilities	2,544,222	6,020,305	630,633	9,195,160
FUND BALANCES				
Nonspendable	-	-	25,514	25,514
Restricted	5,378,435	-	929,606	6,308,041
Assigned	946,064	-	-	946,064
Unassigned (Deficit)	999,538	(4,829,976)	-	(3,830,438)
Total Fund Balances	7,324,037	(4,829,976)	955,120	3,449,181
Total Liabilities and Fund Balances	\$ 9,868,259	\$ 1,190,329	\$ 1,585,753	\$ 12,644,341

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

Fund Balances - Total Governmental Funds **\$ 3,449,181**

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	\$ 59,879,346	
Less Accumulated Depreciation	(24,532,683)	
Less Accumulated Amortization	<u>(284,673)</u>	35,061,990

The School District's proportionate share of the Employee Retirement Systems' collective net pension asset/liability is not reported in the funds.

TRS Net Pension (Asset)/Liability - Proportionate Share	\$ 6,867,282	
ERS Net Pension (Asset)/Liability - Proportionate Share	<u>432,902</u>	7,300,184

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

Deferred Charges on Defeased Debt	\$ 64,414	
Deferred Outflows of Resources - OPEB	9,731,077	
Deferred Inflows of Resources - OPEB	(27,020,599)	
ERS Deferred Outflows of Resources - Pension	869,088	
TRS Deferred Outflows of Resources - Pension	4,026,519	
ERS Deferred Inflows of Resources - Pension	(1,548,214)	
TRS Deferred Inflows of Resources - Pension	<u>(7,697,335)</u>	(21,575,050)

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

Bonds Payable	\$ (8,140,000)	
Capital Lease Payable	(1,059,939)	
Lease Liabilities	(108,120)	
Premiums on Long-Term Obligations	<u>(184,242)</u>	(9,492,301)

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.

Retainage Payable	\$ (102,610)	
Accrued Interest on Debt	(9,112)	
Other Postemployment Benefits Liability	(28,989,334)	
Compensated Absences	<u>(900,258)</u>	<u>(30,001,314)</u>

Net Position (Deficit) of Governmental Activities **\$ (15,257,310)**

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds		Total	
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Real Property Taxes	\$ 6,288,973	\$ -	\$ -	\$ 6,288,973
Other Tax Items	1,083,050	-	-	1,083,050
Charges for Services	75,332	-	-	75,332
Use of Money and Property	4,441	-	2,301	6,742
Sale of Property and Compensation for Loss	219,326	90,000	3,400	312,726
Miscellaneous	367,612	-	10,985	378,597
State Sources	15,186,565	317,531	524,007	16,028,103
Medicaid Reimbursement	40,497	-	-	40,497
Federal Sources	10,989	-	1,809,111	1,820,100
Surplus Food	-	-	45,742	45,742
Sales - School Lunch	-	-	16,747	16,747
Total Revenues	23,276,785	407,531	2,412,293	26,096,609
EXPENDITURES				
General Support	2,835,752	-	10,745	2,846,497
Instruction	10,764,788	-	1,454,499	12,219,287
Pupil Transportation	920,317	-	29,357	949,674
Community Services	-	-	3,614	3,614
Employee Benefits	5,011,412	-	613,632	5,625,044
Debt Service:				
Principal	2,009,743	-	-	2,009,743
Interest	335,242	-	-	335,242
Cost of Sales	-	-	230,778	230,778
Capital Outlay	-	5,484,752	-	5,484,752
Total Expenditures	21,877,254	5,484,752	2,342,625	29,704,631
Excess (Deficiency) of Revenues Over Expenditures	1,399,531	(5,077,221)	69,668	(3,608,022)
OTHER FINANCING SOURCES AND (USES)				
Redeemed From Appropriations	-	50,000	-	50,000
Lease Obligations	-	129,684	-	129,684
Premium on Obligations	-	-	13,467	13,467
Operating Transfers In	-	-	8,665	8,665
Operating Transfers (Out)	(8,665)	-	-	(8,665)
Total Other Sources (Uses)	(8,665)	179,684	22,132	193,151
Net Change in Fund Balance	1,390,866	(4,897,537)	91,800	(3,414,871)
Fund Balances - Beginning of Year	5,933,171	67,561	863,320	6,864,052
Fund Balances - End of Year	\$ 7,324,037	\$ (4,829,976)	\$ 955,120	\$ 3,449,181

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ (3,414,871)**

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.

Capital Outlay	\$ 5,797,148	
Net Book Value of Disposed Assets	(186,669)	
Depreciation Expense	(1,495,076)	
Amortization Expense	<u>(68,842)</u>	4,046,561

Changes in the School District's proportionate share of net pension (asset)/liability 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	\$ 217,247	
TRS	<u>1,063,239</u>	1,280,486

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

Principal Payments - Bonds and Capital Leases	\$ 1,910,979	
Principal Payments - Leases	48,764	
Proceeds of Leases	<u>(129,684)</u>	1,830,059

Long-term liabilities, 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 liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows related to other postemployment benefits do not affect current financial resources and are also not reported in the Governmental Funds.

Compensated Absences	\$ 11,851	
Retainage Payable	(102,610)	
Other Postemployment Benefits Liability	<u>2,362,928</u>	2,272,169

Interest expense reported in the Statement of Activities includes changes in accrued interest, premiums on obligations, and deferred amounts from advance refunding of bonds. These items are not included in interest expense in the Governmental Fund financial statements.

Amortization of Deferred Changes on Defeased Debt	\$ (8,210)	
Amortization of Premiums on Bonds Payable	<u>76,440</u>	<u>68,230</u>

Net Change in Net Position of Governmental Activities **\$ 6,082,634**

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

	Custodial Funds
ASSETS	
Cash and Cash Equivalents - Unrestricted	<u>\$ 87,616</u>
Total Assets	<u>\$ 87,616</u>
 LIABILITIES	
Sales Tax Payable	<u>\$ 268</u>
Total Liabilities	<u>268</u>
 NET POSITION	
Unrestricted - Extraclass	<u>87,348</u>
TOTAL LIABILITIES AND NET POSITON	<u>\$ 87,616</u>

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Extraclass Receipts	\$ 140,682
Interest	18
Total Additions	<u>140,700</u>
DEDUCTIONS	
Extraclass Disbursements	<u>128,065</u>
Change in Net Position	12,635
Net Position - Beginning of Year	<u>74,713</u>
Net Position - End of Year	<u><u>\$ 87,348</u></u>

See Notes to Basic Financial Statements

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

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

The financial reporting entity consists of the following, as defined by 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 until 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 Office, located at 16 Darts Crossroad, Spencer, New York 14883.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Joint Venture

The School District is one of 21 component school districts in the Greater Southern Tier 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 that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law (GML).

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

Separate financial statements of Greater Southern Tier BOCES may be obtained by contacting the Business Office, Greater Southern Tier BOCES, 459 Philo Road, Elmira, New York 14903.

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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with a program or are 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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***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 Governmental Funds:

Major Funds

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

Non-Major Funds

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

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

The School District reports the following Fiduciary Funds:

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

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Measurement Focus and Basis of Accounting

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

Cash and Investments

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

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Due To/From Other Funds

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

Inventories and Prepaid Items

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

A portion of fund balance equal to inventories are prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

Capital Assets

Capital assets were reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, historical costs have been estimated, if not available, based on appraisals conducted by independent third-party professionals. 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:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 15,000	40 Years
Building Improvements	15,000	Various
Furniture and Equipment	5,000	Various

The School District utilizes the straight-line method of depreciation and amortizes its intangible assets in line with its amortization schedule.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 defeased debt 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 of resources related to pensions and other postemployment benefits in the District-wide Statement of Net Position. The types of deferred outflows related to pensions and other postemployment benefits are described in Note 12 and Note 13, respectively.

In addition to liabilities, the Statement of Net Position reports 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 will not be recognized as an inflow of resources (revenue) until that time. The types of deferred inflows related to pensions and other postemployment benefits are described in Note 12 and Note 13, respectively.

Leases

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

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

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

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

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Vested Employee Benefits - Compensated Absences

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

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

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 the 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.

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 post-retirement 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 complies with 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 13 for additional information.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Unearned or Unavailable Revenue

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 also report unavailable unearned 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 unearned revenues is removed and revenues are recorded.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources 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 position 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 resources 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 resources that do not meet the definition of "restricted" or "net investment in capital assets."

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Equity Classifications - Governmental Fund Financial Statements

Constraints are broken into five classifications: non-spendable, 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 non-spendable 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.

The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

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 State of New York. 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. Reserves currently in use by the School District include the following:

- 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. The 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 that 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 deposited much 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.
- Retirement System Contribution Reserve (GML §6-r) - Used to reserve funds for the purpose of financing retirement contributions. 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.
- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Legally Adopted Reserves - Continued

- Unemployment Insurance Reserve - 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 employer elects to convert tax (contribution) basis, excess of funds over sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.
- Liability Claims and Property Loss Reserve (Education Law §1709(8)(c)): Used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts with a population under 125,000. This reserve is accounted for in the General Fund.
- Capital Reserve (ED §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. Expenditure may be made from the reserve only for a specific purpose authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Property Taxes - Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, 2021 and became a lien on August 18, 2021. Taxes were collected during the period September 1, 2021 to October 31, 2021.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Chemung, Schuyler, Tompkins, and Tioga. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid by the counties to the School District no later than the following April 1.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Interfund Transfers

Operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct capital 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.

New Accounting Standards

The School District adopted and implemented the following current Statements of the GASB effective for the year ended June 30, 2022:

- GASB has issued Statement No. 87, "Leases," effective for the year ended June 30, 2021, delayed by GASB Statement No. 95 to June 30, 2022.

Future Changes in Accounting Standards

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending June 30, 2023.
- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2 **Participation in BOCES**

During the year ended June 30, 2022, the School District's share of BOCES income amounted to \$1,392,277. The School District was billed \$4,573,084 for BOCES administration and program costs. Financial statements for Greater Southern Tier BOCES are available from the BOCES administrative office at 459 Philo Road, Elmira, New York 14903.

Note 3 **Cash and Cash Equivalents - Custodial, 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 total \$11,121,650. Of this balance, \$10,450,537 is either insured or collateralized with securities held by the pledging financial institution in the School District's name. The remaining \$671,113 is held in a money market account, which invests in obligations of the United States Treasury, and is not covered by depository insurance or collateralized.

Restricted cash consists of the following at June 30, 2022:

	Amount
General Fund Reserves	\$ 5,378,435
Restricted for Debt	624,995
Restricted for School Lunch	22,709
Restricted for Miscellaneous Special Revenue	11,682
Total	\$ 6,037,821

The School District has limited investments (primarily certificates of deposit), and chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

1. Insured or registered, with investments held by the School District or by the School District's agent in the School District's name; or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name; or

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
Misc. Special Revenue Fund				
Fund - Restricted	\$ 204,223	\$ 204,223	Certificate of Deposit Money	(1)

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

The School District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Note 4 State and Federal Aid Receivable

State and federal aid receivable consisted of the following at June 30, 2022, which are stated at net realizable value.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	August Excess Cost Aid	\$ 204,908
	CARES Act - ESSER	26,079
	CARES Act - GEER	207
	Total	<u>231,194</u>
School Lunch Fund	State Lunch and Breakfast Program	2,831
	Federal Lunch and Breakfast Program	111,462
	Total	<u>114,293</u>
Special Aid Fund	State Grants	186,398
	Federal Grants	349,733
	Total	<u>536,131</u>
Capital Projects Funds	Smart School Project	<u>340,284</u>
Total		<u>\$ 1,221,902</u>

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 5 Other Receivables

Other receivables consisted of the following, at June 30, 2022, and are stated at net realizable value.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Other Receivables	\$ 104,400
Special Aid Fund	Other Receivables	44,688
School Lunch Fund	Other Cafeteria Sales	299
Total		\$ 149,387

Note 6 Interfund Balances and Activities

Interfund balances and activity at June 30, 2022 are as follows.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
Major Funds:				
General Fund	\$ 851,193	\$ 1,219	\$ -	\$ 8,665
Capital Projects Fund	-	506,112	-	-
Non-Major Funds:				
Special Aid Fund	-	344,338	8,665	-
School Lunch Fund	-	800	-	-
Debt Service Fund	57	-	-	-
Miscellaneous Special Revenue	1,219	-	-	-
Total	\$ 852,469	\$ 852,469	\$ 8,665	\$ 8,665

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 and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the General Fund to Capital Funds, as needed, to fund capital projects.

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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 7 Capital Assets

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications/ Disposals	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 34,481	\$ -	\$ (14,892)	\$ 19,589
Construction in Progress	590,663	5,083,498	-	5,674,161
Total Nondepreciable Historical Cost	625,144	5,083,498	(14,892)	5,693,750
Capital Assets That Are Depreciated:				
Buildings	46,282,138	-	-	46,282,138
Furniture and Equipment	7,035,758	575,713	(456,721)	7,154,750
Total Depreciable Historical Cost	53,317,896	575,713	(456,721)	53,436,888
Intangible Lease Assets:				
Equipment	707,244	137,937	(96,473)	748,708
Total Historical Cost	54,650,284	5,797,148	(568,086)	59,879,346
Less Accumulated Depreciation:				
Buildings	(18,232,056)	(1,161,205)	-	(19,393,261)
Furniture and Equipment	(5,090,495)	(333,871)	284,944	(5,139,422)
Total Accumulated Depreciation	(23,322,551)	(1,495,076)	284,944	(24,532,683)
Less Accumulated Amortization:				
Equipment	(312,304)	(68,842)	96,473	(284,673)
Total Historical Cost, Net	\$ 31,015,429	\$ 4,233,230	\$ (186,669)	\$ 35,061,990

Retirements and reclassifications were due to disposal of capital assets and other adjustments.

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

General Support	\$ 258,348
Instruction	964,245
Pupil Transportation	315,162
School Lunch	23,921
Community Service	2,242
Total	\$ 1,563,918

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 8 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. The School District did not issue or redeem any RANs 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. New York State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. Such notes may be classified as long-term when (1) the intention is to refinance the debt on a long-term basis, and (2) the intention can be substantiated through a post-balance sheet issuance of long-term debt or by an acceptable financing agreement. BAN activity for the year is summarized below.

	Beginning Balance	Issued	Redeemed	Refunded	Ending Balance	Amounts Due Within One Year
2020 BAN Maturing 09/30/2021 at 0.86%	\$ 265,000	\$ -	\$ (50,000)	\$ (215,000)	\$ -	\$ -
2022 BAN Maturing 8/26/2022 at 2.5%	-	4,000,000	-	-	4,000,000	4,000,000
2021 Bus BAN Maturing 9/30/2022 at 0.30%	-	510,000	-	-	510,000	510,000
Total	\$ 265,000	\$ 4,510,000	\$ (50,000)	\$ (215,000)	\$ 4,510,000	\$ 4,510,000

Note 9 Long-Term Debt

At June 30, 2022, the total outstanding indebtedness of the School District represented 37.9% of its statutory debt limit, exclusive of building aid estimates. Long-term debt is classified as follows.

Serial 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 the benefit of the capital assets.

Capital Leases - The School District purchases equipment utilizing installment purchase agreements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefits of the capital assets.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 9 Long-Term Debt - Continued

The following is a summary of the School District's long-term debt for the year ended June 30, 2022.

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2022
Bonds:				
Refunding Bonds	06/15/2021	06/15/2028	2.00-4.00%	\$ 2,150,000
Serial Bonds	06/15/2017	06/15/2032	2.00-3.00%	5,990,000
Total Bonds				<u>8,140,000</u>
Capital Lease:				
Capital Lease	06/15/2015	06/15/2030	2.93%	<u>1,059,939</u>
Total Capital Lease				<u>1,059,939</u>
Total				<u>\$ 9,199,939</u>

Interest on long-term debt and other long-term obligations during the year was:

Interest Paid	\$ 303,128
Less Amortization of Premiums	(76,440)
Add Amortization of Deferred Charges on Defeased Debt	<u>8,210</u>
Total	<u>\$ 234,898</u>

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

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Serial Bonds	\$ 9,935,000	\$ -	\$ (1,795,000)	\$ 8,140,000	\$ 1,235,000
Capital Leases	1,175,918	-	(115,979)	1,059,939	119,403
Add Unamortized Premiums	<u>260,682</u>	<u>-</u>	<u>(76,440)</u>	<u>184,242</u>	<u>54,778</u>
Total	<u>\$ 11,371,600</u>	<u>\$ -</u>	<u>\$ (1,987,419)</u>	<u>\$ 9,384,181</u>	<u>\$ 1,409,181</u>

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 9 Long-Term Debt - Continued

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:

	Beginning Balance	Issued	Redeemed	Ending Balance
Defeased Debt	\$ 72,624	\$ -	\$ (8,210)	\$ 64,414
Total	\$ 72,624	\$ -	\$ (8,210)	\$ 64,414

The following is a summary of the maturity of long-term bonds and leases.

Year	Principal	Interest	Total
2023	\$ 1,354,403	\$ 248,326	\$ 1,602,729
2024	1,292,926	206,202	1,499,128
2025	1,236,555	166,874	1,403,429
2026	995,289	140,938	1,136,227
2027	734,136	119,067	853,203
2028-2032	3,586,630	300,593	3,887,223
Total	\$ 9,199,939	\$ 1,182,000	\$ 10,381,939

Note 10 Compensated Absences

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

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

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 976,086	\$ -	\$ (25,457)	\$ 950,629	\$ 50,371

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Lease Liabilities

During the year ended June 30, 2022, the School District implemented GASB Statement No. 87, "Leases."

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

At June 30, 2022, the School District reported \$619,024 offset by accumulated amortization of \$259,178, in intangible lease assets that were not included in the lease liability below.

Lease liabilities as of June 30, 2022 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2022
21-22 5 Year Equipment	7/1/2021	6/30/2026	1.03%	\$ 104,189
Copiers	9/1/2017	8/31/2022	2.33%	3,931
Total				<u>\$ 108,120</u>

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

Year	Principal	Interest	Total
2023	\$ 29,578	\$ 962	\$ 30,540
2024	25,912	686	26,598
2025	26,180	418	26,598
2026	26,450	148	26,598
Total	<u>\$ 108,120</u>	<u>\$ 2,214</u>	<u>\$ 110,334</u>

Interest paid for the current year amounted to \$32,114.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

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

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary.

Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Description and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

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

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, 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' fiduciary respective 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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Contributions

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

	ERS	TRS
2022	\$ 257,169	\$ 641,013
2021	282,911	666,211
2020	272,598	773,490

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

At June 30, 2022, 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, 2022 for ERS and June 30, 2021 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	04/01/2021	06/30/2020
Net Pension (Asset)/Liability	\$ (8,174,858,678)	\$ (17,329,041,946)
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	(432,902)	(6,867,282)
School District's Share of the Plan's Total Net Pension (Asset)/Liability	0.0052955%	0.039629%

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

For the year ended June 30, 2022, the School District recognized pension expense of \$19,743 for ERS and \$391,276 for TRS in the District-wide financial statements. At June 30, 2022 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	\$ 32,784	\$ 946,582	\$ 42,523	\$ 35,678
Changes in Assumptions	722,465	2,258,793	12,191	399,999
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	1,417,572	7,187,321
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	54,804	149,181	75,928	74,337
School District's Contributions Subsequent to the Measurement Date	59,035	671,963	-	-
Total	\$ 869,088	\$ 4,026,519	\$ 1,548,214	\$ 7,697,335

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, 2023. 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>
2023	\$ (111,301)	\$ (883,706)
2024	(164,091)	(1,031,819)
2025	(377,667)	(1,300,975)
2026	(85,102)	(1,718,188)
2027	-	344,068
Thereafter	-	247,841

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Investment Rate of Return	5.9%	7.0%
Salary Increase	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.4%	1.3%
Inflation Rate	2.7%	2.4%

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

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

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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 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 TRS, 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 below.

Measurement Date	ERS March 31, 2022	TRS June 30, 2021
Asset Type		
Domestic Equities	3.30%	6.80%
International Equities	5.85%	7.60%
Global Equities	-	7.10%
Real Estate	5.00%	6.50%
Private Equity/Alternative Investments	6.50%	10.00%
Opportunistic/ARC Portfolio	4.10%	-
Real Assets	5.58%	-
Cash	(1.00)%	-
Credit	3.78%	-
Domestic Fixed Income Securities	-	1.30%
Global Fixed Income Securities	-	0.80%
Private Debt	-	5.90%
Real Estate Debt	-	3.30%
High-Yield Fixed Income Securities	-	3.80%
Short-Term	-	(0.20)%

Discount Rate

The discount rate used to calculate the total pension (asset)/liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. 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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,114,285	\$ (432,902)	\$ (1,727,049)

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (720,621)	\$ (6,867,282)	\$ (12,033,105)

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, 2022	June 30, 2021
Employers' Total Pension (Asset)/Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	(232,049,473)	(148,148,457)
Employers' Net Pension (Asset)/Liability	\$ (8,174,585)	\$ (17,329,042)
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	103.6%	113.2%

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$59,035.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$757,221.

Effect on Net Position

Changes in the net pension (asset)/liability and deferred outflows and deferred inflows of resources for the year ended June 30, 2022 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ 5,894	\$ (438,796)	\$ (432,902)
Deferred Outflows of Resources	(1,294,820)	425,732	(869,088)
Deferred Inflows of Resources	1,752,397	(204,183)	1,548,214
Subtotal	<u>463,471</u>	<u>(217,247)</u>	<u>246,224</u>
TRS			
Net Pension (Asset)/Liability	1,224,160	(8,091,442)	(6,867,282)
Deferred Outflows of Resources	(4,071,773)	45,254	(4,026,519)
Deferred Inflows of Resources	714,386	6,982,949	7,697,335
Subtotal	<u>(2,133,227)</u>	<u>(1,063,239)</u>	<u>(3,196,466)</u>
Total	<u>\$ (1,669,756)</u>	<u>\$ (1,280,486)</u>	<u>\$ (2,950,242)</u>

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 13* Other Postemployment Benefits Other than Pensions (OPEB)**

General Information about the OPEB Plan

Plan Description - The School District's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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

Employees Covered by Benefit Terms - At June 30, 2022, the following employees were covered by the benefit terms.

Retirees and Survivors	150
Active Employees	<u>118</u>
Total	<u><u>268</u></u>

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 13* Other Postemployment Benefits Other than Pensions (OPEB) - Continued**

Total OPEB Liability

The School District's total OPEB liability of \$28,989,334 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.92%
Inflation	2.60%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	Pre-65: 6.75% for 2021, decreasing to 3.78% after 2075. Post-65: 4.40% for 2021, decreasing to 3.78% after 2075.

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The sex-distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees, healthy retirees, and contingent survivors, are adjusted for mortality improvements with Scale MP-2020 mortality improvement scale on a generational basis. This assumption was based on a review of published mortality tables and the demographics of the Plan.

Salaries are assumed to increase at 3.00% per year. The salary scale was based on the School District's review of historical experience as well as future expectations.

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement.

Retirement rates are 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 June 30, 2021 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

SPENCER-VAN ET TEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 13 Other Postemployment Benefits Other than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 28,413,851
Changes for the Year	
Service Cost	1,181,609
Interest Cost	711,123
Changes of Benefit Terms	(224,679)
Differences Between Expected and Actual Experience	(1,956,896)
Changes in Assumptions or Other Inputs	2,004,378
Benefit Payments	(1,140,052)
Net Change	575,483
Balance at June 30, 2022	\$ 28,989,334

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

	1% Decrease (0.92%)	Discount Rate (1.92%)	Increase (2.92%)
Total OPEB Liability	\$ 33,259,729	\$ 28,989,334	\$ 25,479,698

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 24,725,181	\$ 28,989,334	\$ 34,433,147

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 13* Other Postemployment Benefits Other than Pensions (OPEB) - Continued**

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$(1,447,010).

At June 30, 2022, 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	\$ -	\$(24,257,015)
Changes in Assumptions or Other Inputs	8,815,159	(2,763,584)
Contributions Subsequent to Measurement Date	915,918	-
Total	\$ 9,731,077	\$(27,020,599)

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net other postemployment benefits liability in the year ending June 30, 2023. Other 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
2023	\$ (3,115,063)
2024	(3,115,063)
2025	(3,115,063)
2026	(2,897,495)
2027	(2,485,685)
Thereafter	(3,477,071)

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 13* Other Postemployment Benefits Other than Pensions (OPEB) - Continued**

Current Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 28,413,851	\$ 575,483	\$ 28,989,334
Deferred Outflows of Resources	(9,395,588)	(335,489)	(9,731,077)
Deferred Inflows of Resources	29,623,521	(2,602,922)	27,020,599
Total Effect on Net Position	\$ 48,641,784	\$ (2,362,928)	\$ 46,278,856

***Note 14* 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.

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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 15 Fund Balance Detail

At June 30, 2022 fund balance in governmental funds was as follows.

	Major Funds	Non-Major Governmental Funds			
	General Fund	School Lunch Fund	Debt Service Fund	Special Revenue Fund-PBIS	Miscellaneous Special Revenue Fund
Nonspendable					
Inventory	\$ -	\$ 25,514	\$ -	\$ -	\$ -
Total Nonspendable Fund Balance	\$ -	\$ 25,514	\$ -	\$ -	\$ -
Restricted					
Tax Certiorari Reserve	\$ 75,007	\$ -	\$ -	\$ -	\$ -
Unemployment Insurance Reserve	350,249	-	-	-	-
Employee Retirement System Reserve	2,170,298	-	-	-	-
Teachers' Retirement System Reserve	562,449	-	-	-	-
Employee Benefit Accrued Liability Reserve	859,220	-	-	-	-
Liability Claims and Property Loss	100,184	-	-	-	-
Debt	-	-	624,995	-	-
Scholarships	-	-	-	-	215,905
PBIS	-	-	-	1,219	-
School Lunch	-	87,487	-	-	-
Capital Reserve	1,261,028	-	-	-	-
Total Restricted Fund Balance	\$ 5,378,435	\$ 87,487	\$ 624,995	\$ 1,219	\$ 215,905
Assigned					
Appropriated for Next Year's Budget	\$ 678,119	\$ -	\$ -	\$ -	\$ -
Encumbered for:					
General Support	39,939	-	-	-	-
Instruction	146,914	-	-	-	-
Pupil Transportation	65,205	-	-	-	-
Employee Benefits	15,887	-	-	-	-
Total Assigned Fund Balance	\$ 946,064	\$ -	\$ -	\$ -	\$ -
Total Unassigned Fund Balance	\$ 999,538	\$ -	\$ -	\$ -	\$ -

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 16 Restricted Fund Balances

Portions of fund balance are reserved and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The General Fund reserves and Debt Service Fund fund balances and activity for the year ended June 30, 2022 are as follows.

General Fund Reserves	Beginning Balance	Additions	Interest Earned	Released/ Appropriated	Ending Balance
Tax Certiorari Reserve	\$ 50,000	\$ 25,000	\$ 7	\$ -	\$ 75,007
Unemployment Insurance Reserve	200,218	150,000	31	-	350,249
Employee Retirement System Reserve	1,975,762	600,000	796	(406,260)	2,170,298
Teachers' Retirement System Reserve	427,857	134,525	67		562,449
Employee Benefit Accrued					
Liability Reserve	719,560	198,117	267	(58,724)	859,220
Liability Claims and Property Loss Reserve	100,167	-	17	-	100,184
Capital Reserve	550,020	710,777	231		1,261,028
Total	\$ 4,023,584	\$ 1,818,419	\$ 1,416	\$ (464,984)	\$ 5,378,435
Debt Service Fund	\$ 611,054	\$ 13,467	\$ 474	\$ -	\$ 624,995

Note 17 Tax Abatements

For the year ended June 30, 2022, the School District was subject to tax abatements negotiated by the Chemung County Industrial Development Agency (CCIDA). The CCIDA entered into various property tax abatement programs for the purpose of economic development.

	Taxable Assessed Value	Combined Tax Rates	Tax Value	PILOT Received	Taxes Abated
Chemung County					
Industrial Development Agency					
Millennium Pipeline	\$ 7,981,112	20.71	\$ 165,289	\$ 150,417	\$ 14,872
Spencer-Tioga Solar	2,813,333	20.56	57,842	55,359	2,483
Total PILOT Agreements	\$ 10,794,445		\$ 223,131	\$ 205,776	\$ 17,355

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 18 Stewardship, Compliance, and Accountability

Deficit Net Position

At June 30, 2022, the District-wide Statement of Net Position had an unrestricted deficit net position of \$41,582,651. This is a result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 12). The deficit is not expected to be eliminated during the normal course of operations.

Deficit Unassigned Fund Balance

At June 30, 2022, the Capital Project Fund had an unassigned fund balance deficit of \$4,829,976. This deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

Note 19 Restatement

During the year, the District adopted GASB Statement No. 87. The District's June 30, 2021 net position for governmental activities has been restated to reflect the following:

	<u>Intangible Assets, Net</u>	<u>Lease Liabilities</u>	<u>Net (Deficit)</u>
Balance Beginning of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,707,684)</u>
GASB Statement No. 87 Implementation	<u>\$ 394,990</u>	<u>\$ (27,200)</u>	<u>\$ 367,740</u>
Balance Beginning of Year, as Restated	<u><u>\$ 394,990</u></u>	<u><u>\$ (27,200)</u></u>	<u><u>\$ (21,339,944)</u></u>

Note 20 Subsequent Events

On August 25, 2022, the School District entered into a new Bond Anticipation Note. The new BAN is in the amount of \$15,363,597, with an interest rate of 3.75%. The new BAN matures on June 30, 2023.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 7,145,248	\$ 7,145,248	\$ 6,288,973	\$ (856,275)
Other Tax Items	199,676	199,676	1,083,050	883,374
Charges for Services	79,800	79,800	75,332	(4,468)
Use of Money and Property	5,000	5,000	4,441	(559)
 Sale of Property and Compensation for Loss	 2,000	 2,000	 219,326	 217,326
Miscellaneous	275,500	275,500	367,612	92,112
Total Local Sources	<u>7,707,224</u>	<u>7,707,224</u>	<u>8,038,734</u>	<u>331,510</u>
 State Sources	 15,164,607	 15,164,607	 15,227,062	 62,455
Federal Sources	-	1,894	10,989	9,095
Total Revenues	<u>22,871,831</u>	<u>22,873,725</u>	<u>23,276,785</u>	<u>403,060</u>
Total Revenues and Other Financing Sources	<u>22,871,831</u>	<u>22,873,725</u>	<u>\$23,276,785</u>	<u>\$ 403,060</u>
 Appropriated Fund Balance	 1,451,675	 1,451,675		
Appropriated Reserves	-	47,211		
 Encumbrances Carried Forward From Prior Year	 158,528	 158,528		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 24,482,034</u>	<u>\$24,531,139</u>		

See Notes to Required Supplementary Information

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 36,001	\$ 36,287	\$ 13,766	\$ 5,805	\$ 16,716
Central Administration	207,605	216,442	203,864	1,303	11,275
Finance	500,983	532,394	516,816	7,116	8,462
Staff	159,889	217,217	186,763	-	30,454
Central Services	1,588,518	1,641,404	1,476,249	25,715	139,440
Special Items	473,657	440,070	438,294	-	1,776
Total General Support	2,966,653	3,083,814	2,835,752	39,939	208,123
Instruction					
Instruction, Administration, and Improvement	862,679	822,815	757,686	900	64,229
Teaching - Regular School	5,082,864	5,162,515	4,414,164	72,188	676,163
Programs for Children with Disabilities	2,975,251	2,506,266	2,352,419	35,895	117,952
Occupational Education	833,998	837,644	818,349	-	19,295
Teaching - Special School	700	700	240	-	460
Instructional Media	1,151,097	1,462,247	1,419,555	32,722	9,970
Pupil Services	1,105,108	1,105,163	1,002,375	5,209	97,579
Total Instruction	12,011,697	11,897,350	10,764,788	146,914	985,648
Pupil Transportation	1,002,765	1,023,075	920,317	65,205	37,553
Employee Benefits	6,236,812	6,173,250	5,011,412	15,887	1,145,951
Debt Service					
Principal	1,960,979	2,009,743	2,009,743	-	-
Interest	303,128	335,242	335,242	-	-
Total Debt Service	2,264,107	2,344,985	2,344,985	-	-
Total Expenditures	24,482,034	24,522,474	21,877,254	267,945	2,377,275
OTHER FINANCING USES					
Operating Transfers Out	-	8,665	8,665	-	-
Total Expenditures and Other Financing Uses	\$ 24,482,034	\$ 24,531,139	21,885,919	\$ 267,945	\$ 2,377,275
Net Change in Fund Balance			1,390,866		
Fund Balance - Beginning of Year			5,933,171		
Fund Balance - End of Year			\$ 7,324,037		

See Notes to Required Supplementary Information

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Cost	\$ 1,181,609	\$ 2,068,463	\$ 1,793,277	\$ 1,801,743	\$ 2,142,857	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	711,123	1,602,711	1,615,847	1,554,346	1,379,415	*	*	*	*	*
Changes of Benefit Terms	(224,679)	215,834	(28,255)	-	(807,790)	*	*	*	*	*
Differences Between Expected and Actual Experience	(1,956,896)	(27,997,273)	(1,967,832)	-	-	*	*	*	*	*
Changes in Assumptions or Other Inputs	2,004,378	4,055,159	6,111,234	(1,289,280)	(4,935,265)	*	*	*	*	*
Benefit Payments	(1,140,052)	(1,334,798)	(1,127,814)	(1,038,346)	(995,555)	*	*	*	*	*
	575,483	(21,389,904)	6,396,457	1,028,463	(3,216,338)	*	*	*	*	*
Total OPEB Liability - Beginning	28,413,851	49,803,755	43,407,298	42,378,835	45,595,173	*	*	*	*	*
Total OPEB Liability - Ending	\$ 28,989,334	\$ 28,413,851	\$ 49,803,755	\$ 43,407,298	\$ 42,378,835	\$ 45,595,173	\$ *	\$ *	\$ *	\$ *
Covered Employee Payroll	\$ 9,157,120	\$ 9,866,502	\$ 9,937,750	\$ 9,839,882	\$ 9,466,178	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	317%	288%	501%	441%	448%					
Discount Rate	1.92%	2.45%	3.13%	3.62%	3.56%					

** 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

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 257,169	\$ 282,911	\$ 272,598	\$ 266,398	\$ 273,583	\$ 315,479	\$ 259,940	\$ 249,721	\$ 309,005	\$ 273,686
Contributions in Relation to the Contractually Required Contribution	(257,169)	(282,911)	(272,598)	(266,398)	(273,583)	(315,479)	(259,940)	(249,721)	(309,005)	(273,686)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	1,977,045	2,007,888	1,913,249	1,895,305	1,834,085	1,670,654	1,562,385	1,555,993	1,666,919	1,564,922
Contributions as a Percentage of Covered Employee Payroll	13.0%	14.1%	14.2%	14.1%	15.0%	18.9%	16.6%	16.0%	18.5%	17.5%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 671,963	\$ 641,013	\$ 666,211	\$ 773,490	\$ 687,109	\$ 796,436	\$ 885,387	\$ 1,123,228	\$ 986,134	\$ 743,808
Contributions in Relation to the Contractually Required Contribution	(671,963)	(641,013)	(666,211)	(773,490)	(687,109)	(796,436)	(885,387)	(1,123,228)	(986,134)	(743,808)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	7,051,028	6,726,264	7,519,312	7,283,333	7,011,316	6,795,529	6,677,127	6,346,726	6,068,517	6,282,162
Contributions as a Percentage of Covered Employee Payroll	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%	11.8%

See Notes to Required Supplementary Information

SPENCER-VAN ETTEN 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,

	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0052957%	0.0059194%	0.0063061%	0.0063532%	0.0064521%	0.0064327%	0.0059993%	0.0060733%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (432,902)	\$ 5,894	\$ 1,669,902	\$ 450,143	\$ 208,239	\$ 604,438	\$ 962,904	\$ 205,170
School District's Covered Employee Payroll During the Measurement Period	2,056,219	2,007,888	1,913,249	1,895,305	1,834,085	1,670,654	1,542,085	1,560,629
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	(21.05%)	0.3%	87.3%	23.8%	11.4%	36.2%	62.4%	13.1%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	103.6%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

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

	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0052955%	0.044301%	0.043635%	0.043046%	0.043066%	0.043271%	0.042251%	0.041082%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (6,867,282)	\$ 1,224,160	\$ (1,133,631)	\$ (778,377)	\$ (327,343)	\$ 463,449	\$ (4,388,567)	\$ (4,576,327)
School District's Covered Employee Payroll During the Measurement Period	14,697,705	6,726,264	7,519,312	7,283,333	6,795,529	6,677,127	6,346,726	6,068,517
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	(46.72%)	18.2%	15.1%	11.1%	4.8%	6.9%	69.2%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

See Notes to Required Supplementary Information

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

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

The School District administration prepares a proposed budget for approval by the Board of Education (Board) 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 following supplemental appropriations occurred during the year:

Adopted Budget	\$ 24,323,506
Prior Year Encumbrances	158,528
Original Budget	<u>24,482,034</u>
Budget Revisions:	
Other Revenue	1,894
Appropriation of Reserves	<u>47,211</u>
Final Budget	<u><u>\$ 24,531,139</u></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.

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

***Note 2* Reconciliation of the 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 shown in a separate column and are not included in the actual results at June 30, 2022.

***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 changes in the discount rate each period.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

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, will present ten years of information as it becomes available from the pension plans.

Note 5 **Schedules of the School District's Contributions - NYLRS 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, 2020 actuarial valuation.

Changes in Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: 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.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: 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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 5* Schedules of the School District's Contributions - NYLRS 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 April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. 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	4.5% 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.
Active Member Decrements	Based upon FY 2016-2020 experience.
Pensioner Mortality	Gender/Collar specific tables based upon FY 2016-2020 experience.
Mortality Improvement	Society of Actuaries' Scale MP-2019.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 5* Schedules of School District Contributions - NYLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSTRS - Continued

Changes in Benefit Terms

None.

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. Current proposed assumptions are used in the 2021 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 6.95%, effective with the 2021 actuarial valuation. For the 2020 and 2019 actuarial valuations, the System's long-term rate of return assumption was 7.10%. 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 2.4% for 2021 and 2.20% for 2019 and 2020. 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 2020 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 2021 actuarial valuation, the assumed scale for mortality improvement was changed from MP2019 to MP2020.

Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement was changed from MP2018 to MP2019.

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

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***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 - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School Districts' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the School District's contributions in 2021. For assumptions and plan provisions used in contributions reported for years prior to 2021, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

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.
-----------------------	---

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% per year, until fully recognized after five years.
------------------------	---

Inflation	2.20%
-----------	-------

Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
----------------------------	--

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

Investment Rate of Return	7.10% compounded annually, net of investment expenses, including inflation.
---------------------------	---

Cost of Living Adjustments	1.3% compounded annually.
----------------------------	---------------------------

SPENCER VAN-ETTEN CENTRAL SCHOOL DISTRICT

BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Special Revenue Funds				Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	PBIS	Miscellaneous Special Revenue Fund		
ASSETS						
Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - Restricted	-	22,709	-	11,682	624,938	659,329
Investments						
Restricted	-	-	-	204,223	-	204,223
Receivables:						
Due from Other Funds	-	-	1,219	-	57	1,276
State and Federal Aid	536,131	114,293	-	-	-	650,424
Other	44,688	299	-	-	-	44,987
Inventories	-	25,514	-	-	-	25,514
Total Assets	\$ 580,819	\$ 162,815	\$ 1,219	\$ 215,905	\$ 624,995	\$ 1,585,753
LIABILITIES						
Payables:						
Accounts Payable	\$ 5,431	\$ 21,131	\$ -	\$ -	\$ -	\$ 26,562
Accrued Liabilities	252	622	-	-	-	874
Due to Other Funds	344,338	800	-	-	-	345,138
Due to Other Governments	-	100	-	-	-	100
Unearned Revenues	230,798	27,161	-	-	-	257,959
Total Liabilities	580,819	49,814	-	-	-	630,633
FUND BALANCES						
Nonspendable	-	25,514	-	-	-	25,514
Restricted	-	87,487	1,219	215,905	624,995	929,606
Total Fund Balances	-	113,001	1,219	215,905	624,995	955,120
Total Liabilities and Fund Balances	\$ 580,819	\$ 162,815	\$ 1,219	\$ 215,905	\$ 624,995	\$ 1,585,753

SPENCER VAN-ETTEN CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					Total
	Special Aid Fund	School Lunch Fund	PBIS	Miscellaneous Special Revenue Fund	Debt Service Fund	Non-Major Governmental Funds
REVENUES						
Use of Money and Property	\$ -	\$ 12	\$ -	\$ 1,815	\$ 474	\$ 2,301
Sale of Property and Compensation for Loss	-	-	-	3,400	-	3,400
Miscellaneous	5,309	5,676	-	-	-	10,985
State Sources	513,262	10,745	-	-	-	524,007
Federal Sources	1,253,213	555,898	-	-	-	1,809,111
Surplus Food	-	45,742	-	-	-	45,742
Sales - School Lunch	-	16,747	-	-	-	16,747
Total Revenues	1,771,784	634,820	-	5,215	474	2,412,293
EXPENDITURES						
General Support	10,745	-	-	-	-	10,745
Instruction	1,217,202	226,054	243	11,000	-	1,454,499
Pupil Transportation	29,357	-	-	-	-	29,357
Community Services	3,614	-	-	-	-	3,614
Employee Benefits	519,531	94,101	-	-	-	613,632
Cost of Sales	-	230,778	-	-	-	230,778
Total Expenditures	1,780,449	550,933	243	11,000	-	2,342,625
Excess (Deficiency) of Revenues Over Expenditures	(8,665)	83,887	(243)	(5,785)	474	69,668
OTHER FINANCING SOURCES AND (USES)						
Premium on Obligations	-	-	-	-	13,467	13,467
Operating Transfers In	8,665	-	-	-	-	8,665
Total Other Sources (Uses)	8,665	-	-	-	13,467	22,132
Net Change in Fund Balance	-	83,887	(243)	(5,785)	13,941	91,800
Fund Balances - Beginning of Year	-	29,114	1,462	221,690	611,054	863,320
Fund Balances - End of Year	\$ -	\$ 113,001	\$ 1,219	\$ 215,905	\$ 624,995	\$ 955,120

SPENCER VAN-ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 24,323,506
Prior Year's Encumbrances	<u>158,528</u>
Original Budget	<u>24,482,034</u>
Other Revenue	<u>1,894</u>
Appropriation of Reserves	<u>47,211</u>
Total Additions	<u>49,105</u>
Final Budget	<u><u>\$ 24,531,139</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is Voter Approved Budget	<u><u>\$ 24,988,515</u></u>
--	------------------------------------

Maximum Allowed (4% of 2022-2023 Budget)	\$ 999,541
--	------------

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

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 946,064
Unassigned Fund Balance	<u>999,538</u>
Total Unrestricted Fund Balance	<u>1,945,602</u>

Less:

Appropriated Fund Balance	\$ (678,119)
Encumbrances Included in Assigned Fund Balance	<u>(267,945)</u>
Total Adjustments	<u>(946,064)</u>

General Fund Balance Subject to §1318 of Real Property Law	<u><u>\$ 999,538</u></u>
---	---------------------------------

Actual Percentage	4.00%
-------------------	-------

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2022

PROJECT TITLE	Project Number	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2022
				Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Middle School	0001016	\$ 4,305,873	\$ 4,305,873	\$ -	\$ 1,173,645	\$ 1,173,645	\$ 3,132,228	\$ 1,004,534	\$ -	\$ -	\$ 1,004,534	\$ (169,111)
Van Etten Elementary	0006014	3,559,775	3,559,775	-	1,136,153	1,136,153	2,423,622	975,216	-	-	975,216	(160,937)
Senior High School	0010016	6,649,668	6,649,668	-	2,053,045	2,053,045	4,596,623	1,762,229	-	-	1,762,229	(290,816)
Bus Storage Maintenance	5002009	1,254,683	1,254,683	-	300,601	300,601	954,082	258,021	-	-	258,021	(42,580)
Smart School Bond	-	504,000	504,000	49,397	317,444	366,841	137,159	-	366,842	-	366,842	1
District-Wide	7999001	688,000	688,000	541,266	-	541,266	146,734	-	460,934	406,403	867,337	326,071
Buses	-	341,311	341,311	258,424	374,180	632,604	(291,293)	510,000	-	140,000	650,000	17,396
GASB 87 - Leases	-	-	-	-	129,684	129,684	(129,684)	129,684	-	-	129,684	-
Unredeemed BANs - Buses	-	-	-	-	-	-	-	(510,000)	-	-	(510,000)	(510,000)
Unredeemed BANs - Construction	-	-	-	-	-	-	-	(4,000,000)	-	-	(4,000,000)	(4,000,000)
Total		\$ 17,303,310	\$ 17,303,310	\$ 849,087	\$ 5,484,752	\$ 6,333,839	\$ 10,969,471	\$ 129,684	\$ 827,776	\$ 546,403	\$ 1,503,863	\$ (4,829,976)

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2022

Capital Assets, Net	<u>\$ 34,597,955</u>
Add:	
Intangible Assets, Net	<u>464,035</u>
Deferred Charges on Defeased Debt	<u>64,414</u>
Deduct:	
Bond Anticipation Notes	<u>(4,510,000)</u>
Short-Term Portion of Bonds and Capital Leases Payable	<u>(1,354,403)</u>
Long-Term Portion of Bonds and Capital Leases Payable	<u>(7,845,536)</u>
Short-Term Portion of Leases Liabilities	<u>(29,578)</u>
Long-Term Portion of Leases Liabilities	<u>(78,542)</u>
Retainage Payable	<u>(102,610)</u>
Capital Project Fund Payables	<u>(1,004,193)</u>
Premiums on Bonds Payable	<u>(184,242)</u>
Net Investment in Capital Assets	<u><u>\$ 20,017,300</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
Spencer-Van Etten Central School District
Spencer, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the Spencer-Van Etten Central School District (the School District) as of and for the year ended June 30, 2022, 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 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

INSERO & Co. CPAs, LLP

The Highest Standard | (800) 232-9547 | www.inserocpa.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance 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 dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 30, 2022



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

Board of Education
Spencer-Van Etten Central School District
Spencer, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Spencer-Van Etten 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, 2022. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 30, 2022

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	ALN#	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	0021223350	\$ -	\$ 224,334
Title I Grants to Local Educational Agencies	84.010	0021213350	-	505
Total Title I			-	224,839
Special Education Cluster:				
Special Education - Grants to States	84.027	0032210978	-	307,788
(COVID-19) ARP Special Education - Grants to States	84.027x	0032210978	-	2,337
Special Education - Preschool Grants	84.173	0033210978	-	13,261
(COVID-19) ARP Special Education - Preschool Grants	84.173x	0032210978	-	18,574
Total Special Education Cluster			-	341,960
Supporting Effective Instruction State Grants	84.367	0147223350	-	31,894
Supporting Effective Instruction State Grants	84.367	0147213350		854
Total Supporting Effective Instruction State Grants				32,748
Title IV - Student Support and Academic Enrichment Program	84.424A	0204223350	-	33,460
Title IV - Student Support and Academic Enrichment Program	84.424A	0204213350	-	4,625
Total Title IV - Student Support and Academic Enrichment Program			-	38,085
Passed Through Odessa Montour Central School District				
21st Century Community Learning Centers	84.287	01871217082	-	42,730
Education Stabilization Fund (ESF)				
(COVID-19) Governor's Emergency Education Relief (GEER) Fund	84.425U	5895213350	-	279,478
(COVID-19) Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5890213350	-	153,447
(COVID-19) CRRSA - GEER	84.425C	5896213350	-	9,545
(COVID-19) ARP SLR Summer	84.425U	5882223350	-	45,837
(COVID-19) ARP SLR Comprehension	84.425U	5883223350	-	58,721
(COVID-19) ARP SLR Learning Loss	84.425U	5884223350	-	25,823
(COVID-19) CARES - ESSER	84.425D	5891223350	-	9,545
(COVID-19) CARES - GEER	84.425C	5896223350	-	1,444
Total Education Stabilization Funds			-	583,840
Total U.S. Department of Education			-	1,264,202
U.S. Department of Agriculture				
Direct Programs:				
(COVID-19) Pandemic EBT Food Benefits	10.542		-	1,803
Passed Through NYS Department of Education				
Child Nutrition Cluster:				
Summer Food Program	10.559	(1)	-	60,970
National School Lunch	10.555	(1)	-	402,147
National School Breakfast	10.553	(1)	-	136,720
Total Child Nutrition Cluster			-	599,837
Total U.S. Department of Agriculture			-	601,640
Total Expenditures of Federal Awards			\$ -	\$ 1,865,842

(1) Denotes - Unable to Obtain from Pass-Through Entity

See Notes to Schedule of Expenditures of Federal Awards

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

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* 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 not elected to use the 10% de minimus cost rate.

Note 4* **Matching Costs*

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

Note 5* **Non-Monetary Federal Program*

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2022, the School District received and used \$45,742 worth of commodities under the Summer School Program (ALN #10.559).

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.

SPENCER-VAN ETTEN CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes √ no

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

Noncompliance material to financial statements noted? yes √ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes √ no

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

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

Any audit findings disclosed that are required to be reported
in accordance with §200.516(a) of the Uniform Guidance? yes √ no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425C/84.452D/84.425U</u>	<u>Education Stabilization Funds</u>

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

Auditee qualified as low risk? √ yes no

Section II Financial Statement Findings None.

Section III Federal Award Findings and Questioned Costs None.