

CENTRAL VALLEY
CENTRAL SCHOOL
DISTRICT



MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2022

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
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Independent Auditor's Report

Board of Education
Central Valley Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Central Valley Central 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.

New Accounting Standard

As discussed in Notes 1 and 20 to the financial statements, the School District changed its accounting policies related to the accounting and reporting of leases by adopting the Governmental Accounting Standards Board's (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

The School District restated the beginning net position as of July 1, 2021 by \$4,445,967 to reflect an adjustment to beginning capital assets due to an appraisal performed in 2021-22. Notes 7 and 19 provide additional information. Our opinions are 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 Central Valley Central 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Valley Central 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 Central Valley Central 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 and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Valley Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 November 7, 2022, on our consideration of the Central Valley Central 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 Central Valley Central 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 Central Valley Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

November 7, 2022

Rome, New York

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The Central Valley Central School District’s discussion and analysis of financial performance provides an overall review of the District’s financial activities for the fiscal years ended June 30, 2022 and 2021. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

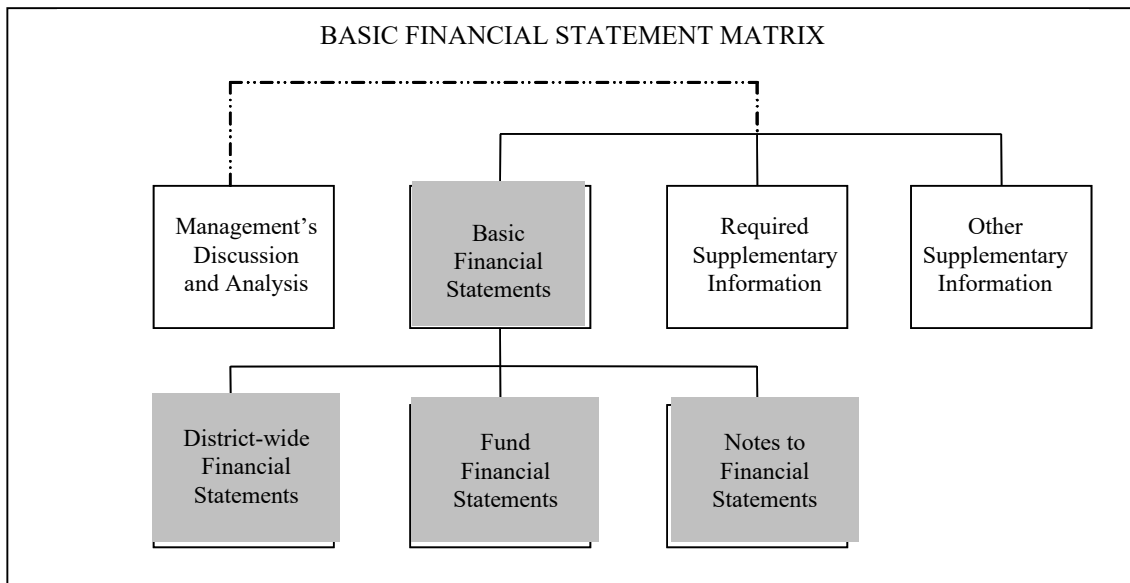
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District’s total net position, as reflected in the District-wide financial statements, increased by \$1,790,673 to a deficit of \$18,047,843.
- The District’s expenses for the year, as reflected in the District-wide financial statements, totaled \$55,223,796. Of this amount, \$126,556, \$6,193,861, and \$288,761 were offset by program charges for services, operating grants, and capital grants, respectively. General revenues of \$50,405,291 amount to 88.4% of total revenues. These revenues covered the remaining program expenses, leaving an excess of \$1,790,673 for the year.
- State and federal revenue increased by 2.1% to \$40,473,456 in 2022, from \$39,653,758 in 2021. The primary reason for the increase is elimination of the pandemic adjustment of \$822,216 by New York State, which was replaced by federal CARES Act operating grants in 2021. This state aid includes \$2,668,059 and \$3,112,736 for the ninth and eighth years, respectively, of reorganization incentive operating aid due to the merger that occurred in 2014.
- The General Fund’s total fund balance, as reflected in the fund financial statements on pages 15 and 17, increased by \$2,908,605 to \$18,496,601. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management’s Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$1,790,673 between fiscal year 2021 and 2022. A summary of the District's Statement of Net Position for June 30, 2022 and 2021 is as follows:

	2022	(Restated) 2021	Increase/ (Decrease)	Percentage Change
Current and Other Assets	\$ 23,590,509	\$ 20,630,179	\$ 2,960,330	14.3%
Net Pension Asset - Proportionate Share	14,840,979		14,840,979	100.0%
Capital and Leased Assets, Net	<u>124,033,713</u>	<u>128,173,467</u>	<u>(4,139,754)</u>	(3.2%)
Total Assets	<u>162,465,201</u>	<u>148,803,646</u>	<u>13,661,555</u>	9.2%
Deferred Outflow of Resources	<u>31,988,959</u>	<u>35,998,380</u>	<u>(4,009,421)</u>	(11.1%)
Current and Other Liabilities	2,261,039	2,846,215	(585,176)	(20.6%)
Net Pension Liability - Proportionate Share		2,395,450	(2,395,450)	(100.0%)
Non-Current Liabilities	<u>190,214,065</u>	<u>191,183,414</u>	<u>(969,349)</u>	(0.5%)
Total Liabilities	<u>192,475,104</u>	<u>196,425,079</u>	<u>(3,949,975)</u>	(2.0%)
Deferred Inflow of Resources	<u>20,026,899</u>	<u>8,215,463</u>	<u>11,811,436</u>	143.8%
Net Position				
Net Investment in Capital Assets	63,585,023	62,170,911	1,414,112	2.3%
Restricted	9,213,729	9,048,034	165,695	1.8%
Unrestricted (Deficit)	<u>(90,846,595)</u>	<u>(91,057,461)</u>	<u>210,866</u>	0.2%
Total Net Position (Deficit)	<u>\$ (18,047,843)</u>	<u>\$ (19,838,516)</u>	<u>\$ 1,790,673</u>	9.0%

Current and other assets increased by \$2,960,330, as compared to the prior year. The increase is primarily due to an overall increase in cash in the governmental funds of \$3,092,416 due to an excess of revenues over expenditures in the current year.

The net pension asset – proportionate share represents the School District's share of the TRS and ERS net pension asset. The increase is due to the net amount converting to an asset during the current year from a liability during the prior year.

Capital and leased assets, net of accumulated depreciation and amortization, decreased by \$4,139,754, as compared to the prior year. This decrease is due to depreciation and amortization exceeding capital and lease additions for the current year. The District restated its 2021 fixed asset inventory due to a full appraisal of assets in the current year. Note 7 and Note 19 to the Financial Statements provides additional information.

Current and other liabilities decreased by \$585,176 as compared to the prior year. This was primarily due to a decrease in accounts payable in the General Fund of \$913,901 partially offset by an increase in unearned revenues in the Special Aid Fund of \$252,477.

The net pension liability – proportionate share represents the School District's share of the ERS and TRS net pension liability. The decrease is due to the net pension liability converting to an asset in the current year.

Non-current liabilities decreased by \$969,349, as compared to the prior year. This decrease is primarily due to repayments on existing debt and amortization of bond premium in the amount of \$5,616,605 exceeding the net increase in the liability for other postemployment benefits in the amount of \$4,977,443.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase or lease vehicles, equipment and furniture to support District operations.

The restricted portion of net position at June 30, 2022, is \$9,213,729, which represents the amount of the District's reserves in the General Fund and other restricted funds for scholarships, debt service and capital projects.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

The unrestricted portion of net position at June 30, 2022, is a deficit of \$90,846,595, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction and capital assets, exceeded the District's assets and deferred outflows of resources other than capital assets. This deficit is primarily due to the accrual of other postemployment benefits in the amount of \$128,718,926.

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows.

Revenues	2022	(Restated) 2021	Increase/ (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 126,556	\$ 103,646	\$ 22,910	22.1%
Operating Grants	6,193,861	3,815,521	2,378,340	62.3%
Capital Grants	288,761	368,118	(79,357)	(21.6%)
General Revenues				
Property Taxes and STAR	8,845,985	8,727,135	118,850	1.4%
State and Federal Sources	40,473,456	39,653,758	819,698	2.1%
Other	<u>1,085,850</u>	<u>1,874,747</u>	<u>(788,897)</u>	(42.1%)
Total Revenues	<u>57,014,469</u>	<u>54,542,925</u>	<u>2,471,544</u>	4.5%
Expenses				
General Support	7,667,854	7,296,516	371,338	5.1%
Instruction	41,635,176	40,220,306	1,414,870	3.5%
Pupil Transportation	2,649,340	2,488,642	160,698	6.5%
Debt Service-Unallocated Interest	2,094,620	2,309,577	(214,957)	(9.3%)
Food Service Program	<u>1,176,806</u>	<u>1,058,139</u>	<u>118,667</u>	11.2%
Total Expenses	<u>55,223,796</u>	<u>53,373,180</u>	<u>1,850,616</u>	3.5%
Total Change in Net Position Before Special Item	1,790,673	1,169,745	620,928	
Special Item - Loss on Sale of Building	<u> </u>	<u>(4,185,794)</u>	<u>4,185,794</u>	100.0%
Total Change in Net Position	<u>\$ 1,790,673</u>	<u>\$ (3,016,049)</u>	<u>\$ 4,806,722</u>	

The District's revenues increased by 4.5% in 2022 or \$2,471,544. The major factors that contributed to the increase were:

- An increase in operating grants in the amount of \$2,378,340 primarily in the Special Aid Fund due to the receipt of \$1,815,149 from the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) and \$418,676 from the American Rescue Plan of 2021 (ARP). In addition, operating aid for the School Lunch Fund increased \$828,465.
- An increase in state and federal source revenues in the amount of \$819,698. The increase is primarily the result of a decrease in the pandemic adjustment of \$822,216 by New York State as well as an increase in foundation aid in the amount of \$680,774. This was partially offset by a decrease in reorganization aid in the amount of \$444,677 for the ninth year of receiving this aid.
- The above increases were offset by a decrease in other income by \$788,897, which is primarily due to a \$445,918 decrease in the BOCES refund in the current year.

The District's expenses increased by 3.5% in 2022 or \$1,850,616. The major factors that contributed to the increase were:

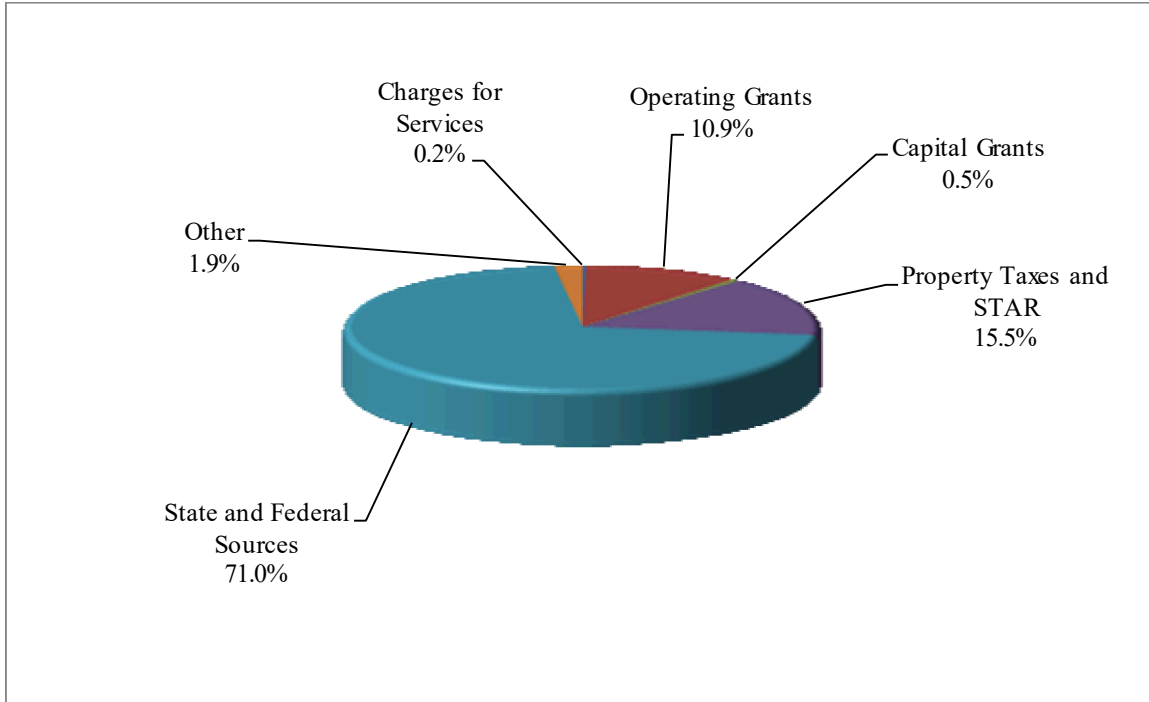
- A \$1.7 million increase in depreciation recorded due to reclassification of the \$73.7 million capital project as a depreciable asset, a \$1.7 million increase in instructional salaries in the General and Special Aid Funds, and a \$1.3 million increase in OPEB expense for GASB 75. This was partially offset by a \$4.1 million decrease in TRS expense for pensions recorded under GASB 68.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

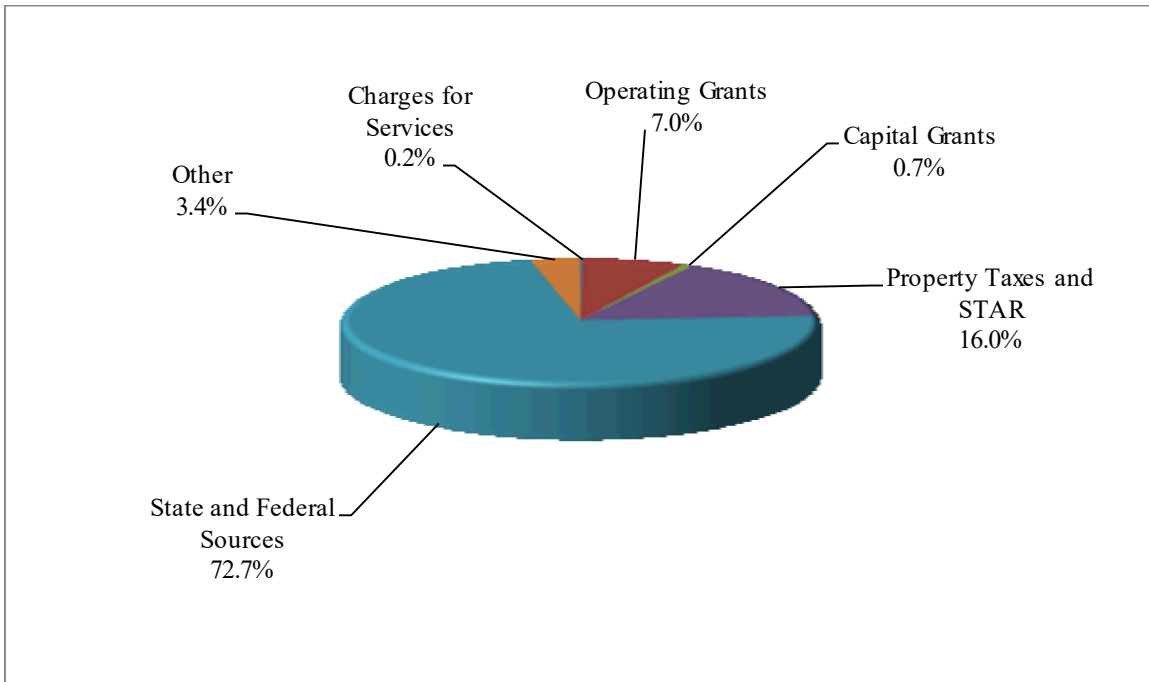
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021

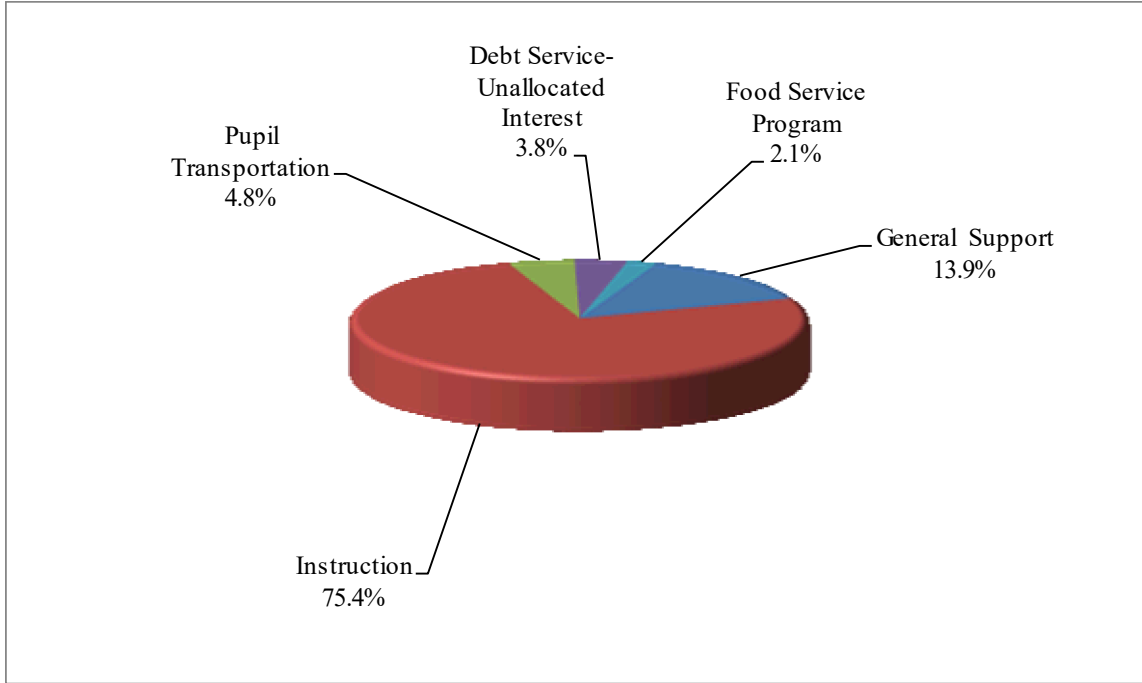


**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

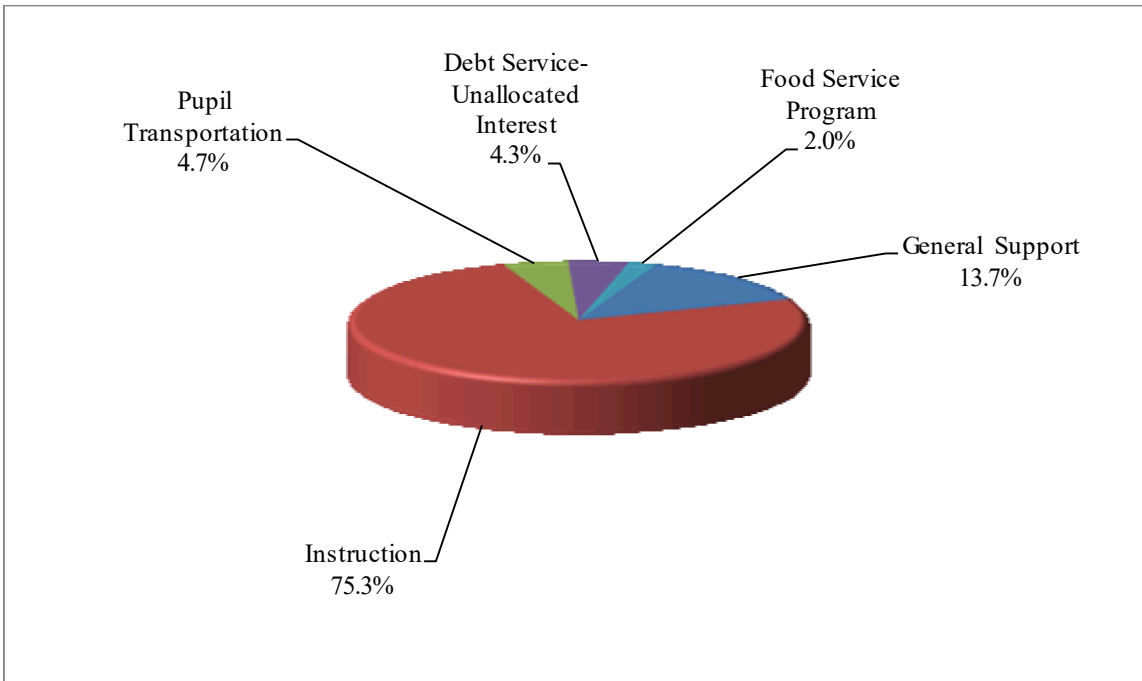
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A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021



**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$20,122,596 which is an increase of \$3,197,000 over the prior year. This increase is due to an excess of revenues over expenditures in the current year. A summary of the change in fund balance by fund is as follows:

	2022	2021	Increase/ (Decrease)
General Fund			
Nonspendable	\$	\$ 44,918	\$ (44,918)
Restricted			
Workers' Compensation	240,000	240,000	
Unemployment Insurance	95,000	95,000	
ERS Retirement Contribution	1,000,000	1,000,000	
TRS Retirement Contribution	250,000		250,000
Employee Benefit Accrued Liability	350,000	350,000	
Capital	5,052,290	5,051,280	1,010
Repairs	56,996	56,984	12
Total Restricted	7,044,286	6,793,264	251,022
Assigned			
Appropriated for Subsequent Year's Budget		239,277	(239,277)
General Support	24,797	70,365	(45,568)
Instruction	24,621		24,621
Total Assigned	49,418	309,642	(260,224)
Unassigned	11,402,897	8,440,172	2,962,725
Total General Fund	18,496,601	15,587,996	2,908,605
School Lunch Fund			
Nonspendable	70,021	51,503	18,518
Assigned	518,205		518,205
Unassigned (Deficit)		(11,692)	11,692
Total School Lunch Fund	588,226	39,811	548,415
Special Aid Fund			
Assigned	103,349	52,410	50,939
Miscellaneous Special Revenue Funds			
Restricted for Scholarships	835,923	918,763	(82,840)
Debt Service Fund			
Restricted	1,246,324	1,245,780	544
Capital Projects Fund			
Restricted	87,196	90,227	(3,031)
Unassigned (Deficit)	(1,235,023)	(1,009,391)	(225,632)
Total Capital Projects Fund	(1,147,827)	(919,164)	(228,663)
Total Fund Balances	\$ 20,122,596	\$ 16,925,596	\$ 3,197,000

Combined increases of \$251,022 to the General Fund restricted fund balance during the year ended June 30, 2022 includes interest earnings on existing balances and a \$250,000 board-approved contribution to the TRS retirement contribution reserve.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

The General Fund unassigned fund balance experienced an increase of \$2,962,725 due to an excess of revenues over expenditures and transfers in the current year.

The District has an unassigned deficit in the Capital Project Fund primarily related to the Smart Schools Bond Act Technology Project. The deficit will be eliminated when grant reimbursements are received.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District’s General Fund adopted budget for the year ended June 30, 2022, was \$51,074,162. This is an increase of \$597,830 over the prior year’s adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$8,840,000 in estimated property taxes and STAR, and \$40,887,885 in state aid.

B. Change in General Fund’s Unassigned Fund Balance (Budget to Actual)

The General Fund’s unassigned fund balance is the component of total fund balance that is the residual of prior years’ excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year’s budget. It is this balance that is commonly referred to as the “fund balance”. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 8,440,172
Revenues and Transfers under Budget	(395,152)
Expenditures, Encumbrances and Transfers under Budget	3,563,981
Decrease in Nonspendable Fund Balance	44,918
Net Increase to Restricted Funds	<u>(251,022)</u>
Closing, Unassigned Fund Balance	<u>\$ 11,402,897</u>

Opening, Unassigned Fund Balance

The \$8,440,172 shown in the table is the portion of District’s June 30, 2021, fund balance that was retained as unassigned. This was 16.53% of the District’s 2021-2022 approved operating budget.

Revenues and Other Financing Sources Under Budget

The 2021-2022 budget for revenues and other financing sources was \$50,834,885. The actual revenues and other financing sources received for the year were \$50,439,733. The actual revenue and other financing sources under estimated or budgeted revenue and other financing sources was \$395,152. This variance contributes directly to the change to the unassigned portion of the General Fund’s fund balance from June 30, 2021 to June 30, 2022.

Expenditures, Encumbrances, and Transfers Under Budget

The 2021-2022 amended budget for expenditures was \$51,144,527. The actual expenditures and encumbrances were \$47,580,546. The final budget was under expended by \$3,563,981. This under expenditure contributes directly to the change to the unassigned portion of the General Fund’s fund balance from June 30, 2021 to June 30, 2022.

Net Increase to Restricted Funds

Restricted funds were increased by \$251,022, which represents interest earned in 2021-2022 plus a \$250,000 addition to the TRS retirement contribution reserve.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District has an unassigned fund balance of \$11,402,897 at June 30, 2022, which is 21.76% of the subsequent year's budget. This is an increase of \$2,962,725 over the unassigned balance from the prior year as of June 30, 2021.

6. CAPITAL AND LEASED ASSETS AND DEBT ADMINISTRATION

A. Capital and Leased Assets

At June 30, 2022, the District had invested in a broad range of capital and leased assets, including land, buildings and improvements and equipment. The net decrease in capital and leased assets is due to amounts expended for depreciation or amortization exceeding capital and lease additions recorded for the year ended June 30, 2022. The District restated its capital and leased assets for 2021 due to a full inventory appraisal during the current year. A summary of the District's capital and leased assets, net of accumulated depreciation and amortization at June 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>(Restated) 2021</u>	<u>Increase/ (Decrease)</u>
Land	\$ 24,985	\$ 24,985	\$
Construction in Progress		53,362	(53,362)
Buildings and Improvements	121,611,423	125,934,410	(4,322,987)
Leases	470,630	437,359	33,271
Furniture, Equipment, and Vehicles	<u>1,926,675</u>	<u>1,723,351</u>	<u>203,324</u>
Capital and Leased Assets, Net	<u>\$ 124,033,713</u>	<u>\$ 128,173,467</u>	<u>\$ (4,139,754)</u>

B. Debt Administration

At June 30, 2022, the District had total bonds payable of \$53,715,000. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
06/10/2014	2.0-5.0%	\$ 3,970,000	\$ 4,435,000	\$ (465,000)
11/09/2017	2.0-5.0%	1,965,000	2,695,000	(730,000)
12/28/2017	2.0-4.0%	4,930,000	6,250,000	(1,320,000)
06/07/2018	3.375-5.0%	12,845,000	13,775,000	(930,000)
06/17/2019	3.0-5.0%	<u>30,005,000</u>	<u>31,595,000</u>	<u>(1,590,000)</u>
		<u>\$ 53,715,000</u>	<u>\$ 58,750,000</u>	<u>\$ (5,035,000)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Last year we budgeted for increased federal aid. With this increase in aid the District was able to increase staffing to attempt to close the learning loss gap created by the COVID lockdowns. This extra money added to our fund balance as we had made significant cuts in staffing and other spending areas the prior year. The District is currently planning a voter approved \$15 million capital project and also working on funding our portion of a \$50 million BOCES capital project. Currently the District has an \$11.4 million unassigned fund balance. With these two projects starting, we will use \$7.5 million of our current unassigned fund balance to help fund our share of these projects. This will avoid any local share and result in no increase to our tax payers. This use of fund balance will keep the District closer to the state recommended level of 4% for unassigned fund balance. The District also plans to use a \$5 million dollar capital reserve set up last year to help fund the upcoming \$15 million capital project.

This year's budget brought many challenges due to the increase in federal aid available to school districts. The federal government has given NYS schools billions in extra funding for the next few years. The Central Valley Central School District will see over \$2 million per year in extra federal funding for next year. During the annual budget development process, we will

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

have a much clearer picture of where these funds will be utilized. Our District has qualified for over \$5 million in additional funding over the next 2 years. The application process continues to unfold and the State intends targeted monitoring to help guide districts through the process. This federal funding is unlike any funding schools have received in the past. These multi-year grants are harder to track and present continuity issues with items in the grant lasting throughout the entire process. In the first round of stimulus funding districts were allowed to transfer federal aid to the General Fund and did not have many of the restrictions associated with federal aid. During the 2021-22 school year the State changed this model and required districts to track separately similar to regular federal aid. This change will likely create many adjustments to the approved multi-year application. Over the next two years we will continue to use this funding to support the increase in staffing to aid in the learning loss due to the pandemic. Most of our students will suffer an education gap due to less in-person instruction occurring throughout the pandemic.

The District was created several years ago through the consolidation of the former Ilion and Mohawk Central School Districts. A benefit of the consolidation is over \$42 million in state incentive aid paid over a 14-year period. Beginning in 2018-19 budget, those annual incentive aid payments decrease by \$444,677 or roughly 0.86 percent of the District's current budget and 6.5 percent of the current tax levy. Now we are receiving federal stimulus dollars that are going away in three short years. With these short-term funding streams, the District will be challenged with funding future programs. With the increase in federal funding, the next few years should ease the tension of our annual reduction in merger incentive aid. The District continues to budget and spend conservatively even with this increase in cash flow. Our goal will continue to be sustainability and stability. Incentive money and stimulus money will run out as our economy continues to ebb and flow.

As our country continues with inflation concerns, supply chain issues and ever-increasing fuel costs many line items in our current budget will see 6.5% to 8% increases due to these current economic trends.

Remington Arms, the community's largest employer, is back up and running and has continued to bring back former employees. Roughly half of the current 800 jobs are said to be back and the future remains positive to see the return of the other half. Employment trends in our area continue to increase. Frankfort IDA continues to grow Tractor Supply, employing roughly 300 employees in adjoining Frankfort, will likely add to its current employment numbers; Amazon has also added a distribution center in the northern part of the Frankfort Industrial Park; and Wolfspeed, formerly known as CREE, Semiconductor Company continues to add new employees at the state-of-the-art facility on the SUNY POLY campus just 12 miles away in Marcy. SUNY POLY and Rome labs continue to increase technology driven employment possibilities in our area with new smaller companies moving in all the time.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at Central Valley School District, 111 Frederick Street, Ilion, NY 13357.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

Assets	
Cash and Cash Equivalents	\$ 9,502,666
Restricted Cash and Cash Equivalents	9,205,779
Receivables	
Due From Other Governments	4,759,524
Other Receivables	52,519
Inventory	70,021
Net Pension Asset - Proportionate Share	14,840,979
Right to Use Leased Assets (Net of Accumulated Amortization)	470,630
Capital Assets (Not Being Depreciated)	24,985
Capital Assets (Net of Accumulated Depreciation)	<u>123,538,098</u>
Total Assets	<u>162,465,201</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	207,579
Pensions	10,016,056
Other Postemployment Benefits	<u>21,765,324</u>
Total Deferred Outflows of Resources	<u>31,988,959</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 194,454,160</u>
Liabilities	
Accounts Payable and Accrued Liabilities	\$ 372,201
Due To	
Teachers' Retirement System	1,544,342
Employees' Retirement System	91,477
Deferred Credits	
Unearned Revenue and Overpayments	253,019
Noncurrent Liabilities	
Due Within One Year	5,806,602
Due in More Than One Year	<u>184,407,463</u>
Total Liabilities	<u>192,475,104</u>
Deferred Inflows of Resources	
Pensions	18,245,591
Other Postemployment Benefits	<u>1,781,308</u>
Total Deferred Inflows of Resources	<u>20,026,899</u>
Net Position	
Net Investment in Capital Assets	63,585,023
Restricted	9,213,729
Unrestricted (Deficit)	<u>(90,846,595)</u>
Total Net Position (Deficit)	<u>(18,047,843)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 194,454,160</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	<u>Expenses</u>	Program Revenues		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General Support	\$ 7,667,854	\$	\$	\$ (7,379,093)
Instruction	41,635,176	49,374	4,736,995	(36,848,807)
Pupil Transportation	2,649,340			(2,649,340)
Debt Service - Unallocated Interest	2,094,620			(2,094,620)
Food Service	<u>1,176,806</u>	<u>77,182</u>	<u>1,456,866</u>	<u>357,242</u>
Total Functions/Programs	<u>\$ 55,223,796</u>	<u>\$ 126,556</u>	<u>\$ 6,193,861</u>	<u>\$ (48,614,618)</u>
 General Revenues				
Real Property Taxes				6,740,964
STAR and Other Real Property Tax Items				2,105,021
Use of Money and Property				170,950
Sale of Property and Compensation for Loss				2,131
State and Federal Sources				40,473,456
Miscellaneous				<u>912,769</u>
Total General Revenues				<u>50,405,291</u>
Change in Net Position				<u>1,790,673</u>
Net Position (Deficit), Beginning of Year				(15,829,908)
Cumulative Effect of Change in Accounting Principle				437,359
Prior Period Adjustment				<u>(4,445,967)</u>
Net Position (Deficit), Beginning of Year (Restated)				<u>(19,838,516)</u>
Net Position (Deficit), End of Year				<u>\$ (18,047,843)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	School Lunch	Special Aid	Misc. Special Revenue	Debt Service	Capital Projects	Total
Assets							
Cash and Cash Equivalents	\$ 7,841,920	\$ 452,029	\$ 1,208,717	\$	\$	\$	\$ 9,502,666
Restricted Cash and Cash Equivalents	7,044,286			835,923	1,246,324	79,246	9,205,779
Receivables							
Due From							
Other Governments	2,461,440	278,792	784,269			1,235,023	4,759,524
Other Funds	3,027,493		151,291				3,178,784
Other Receivables	50,144	2,375					52,519
Inventory		70,021					70,021
Total Assets	<u>\$ 20,425,283</u>	<u>\$ 803,217</u>	<u>\$ 2,144,277</u>	<u>\$ 835,923</u>	<u>\$ 1,246,324</u>	<u>\$ 1,314,269</u>	<u>\$ 26,769,293</u>
Liabilities							
Payables							
Accounts Payable	\$ 214,106	\$ 545	\$ 24,672	\$	\$	\$	\$ 239,323
Accrued Liabilities	68,077	5,630	470				74,177
Due To							
Other Funds	10,680	208,274	1,732,757			1,227,073	3,178,784
Teachers' Retirement System	1,544,342						1,544,342
Employees' Retirement System	91,477						91,477
Deferred Credits							
Overpayments and Collections in Advance		542					542
Unearned Revenue			252,477				252,477
Total Liabilities	<u>1,928,682</u>	<u>214,991</u>	<u>2,010,376</u>			<u>1,227,073</u>	<u>5,381,122</u>
Deferred Inflows of Resources							
Unavailable Revenue - Grants			30,552			1,235,023	1,265,575
Fund Balance							
Nonspendable		70,021					70,021
Restricted	7,044,286			835,923	1,246,324	87,196	9,213,729
Assigned	49,418	518,205	103,349				670,972
Unassigned (Deficit)	11,402,897					(1,235,023)	10,167,874
Total Fund Balance (Deficit)	<u>18,496,601</u>	<u>588,226</u>	<u>103,349</u>	<u>835,923</u>	<u>1,246,324</u>	<u>(1,147,827)</u>	<u>20,122,596</u>
Total Liabilities and Fund Balance	<u>\$ 20,425,283</u>	<u>\$ 803,217</u>	<u>\$ 2,144,277</u>	<u>\$ 835,923</u>	<u>\$ 1,246,324</u>	<u>\$ 1,314,269</u>	<u>\$ 26,769,293</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total Governmental Fund Balances \$ 20,122,596

Amounts reported for governmental activities in the Statement of Net Position are different because:

Revenues that do not provide current financial resources that are recognized in the Statement of Net Position but not the fund financial statements.

Grant Revenue 1,265,575

The cost of building, acquiring, and leasing capital assets (land, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and leased assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Right to Use Leased Assets	874,423
Accumulated Amortization	(403,793)
Original Cost of Capital Assets	175,285,455
Accumulated Depreciation	<u>(51,722,372)</u>
	<u>124,033,713</u>

The proportionate share of long-term assets, deferred outflows of resources, and deferred inflows of resources associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net Pension Asset - Proportionate Share	14,840,979
Deferred Outflows - Pensions	10,016,056
Deferred Inflows - Pensions	<u>(18,245,591)</u>
	<u>6,611,444</u>

Non-current liabilities and related payables, deferred inflows of resources, and deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. Non-current liabilities and related items at year end consisted of:

Bonds Payable	(53,715,000)
Unamortized Deferred Charge on Advance Refunding	207,579
Unamortized Bond Premium	(6,941,269)
Accrued Interest on Bonds Payable	(58,701)
Other Postemployment Benefits and related Deferred Inflows/Outflows	(108,734,910)
Compensated Absences Payable	<u>(838,870)</u>
	<u>(170,081,171)</u>

Total Net Position (Deficit) \$ (18,047,843)

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	School Lunch	Special Aid	Misc. Special Revenue	Debt Service	Capital Projects	Total
Revenues							
Real Property Taxes	\$ 6,740,964	\$	\$	\$	\$	\$	\$ 6,740,964
STAR and Other Real Property Tax Items	2,105,021						2,105,021
Charges for Services	49,374						49,374
Use of Money and Property	169,198	56		1,597	99		170,950
Sale of Property and Compensation for Loss	2,131						2,131
Miscellaneous	896,568			15,756	445		912,769
State Aid	40,197,014	28,798	856,706				41,082,518
Federal Aid	279,463	1,428,068	3,880,462				5,587,993
School Lunch Sales		77,182					77,182
Total Revenues	<u>50,439,733</u>	<u>1,534,104</u>	<u>4,737,168</u>	<u>17,353</u>	<u>544</u>		<u>56,728,902</u>
Expenditures							
General Support	5,099,110					510,756	5,609,866
Instruction	22,097,514		3,942,381	100,193			26,140,088
Pupil Transportation	2,159,997		26,250				2,186,247
Food Service Program		862,555					862,555
Employee Benefits	10,216,086	123,134	735,863				11,075,083
Debt Service - Principal	5,035,000						5,035,000
Debt Service - Interest	2,623,063						2,623,063
Total Expenditures	<u>47,230,770</u>	<u>985,689</u>	<u>4,704,494</u>	<u>100,193</u>		<u>510,756</u>	<u>53,531,902</u>
Excess (Deficit) Revenues Over Expenditures	<u>3,208,963</u>	<u>548,415</u>	<u>32,674</u>	<u>(82,840)</u>	<u>544</u>	<u>(510,756)</u>	<u>3,197,000</u>
Other Financing Sources (Uses)							
Transfers from Other Funds			18,265			282,093	300,358
Transfers to Other Funds	(300,358)						(300,358)
Total Other Financing Sources (Uses)	<u>(300,358)</u>		<u>18,265</u>			<u>282,093</u>	
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	2,908,605	548,415	50,939	(82,840)	544	(228,663)	3,197,000
Fund Balance (Deficit), Beginning of Year	<u>15,587,996</u>	<u>39,811</u>	<u>52,410</u>	<u>918,763</u>	<u>1,245,780</u>	<u>(919,164)</u>	<u>16,925,596</u>
Fund Balance (Deficit), End of Year	<u>\$ 18,496,601</u>	<u>\$ 588,226</u>	<u>\$ 103,349</u>	<u>\$ 835,923</u>	<u>\$ 1,246,324</u>	<u>\$ (1,147,827)</u>	<u>\$ 20,122,596</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

Net Changes in Fund Balance - Total Governmental Funds \$ 3,197,000

Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation and amortization expenses in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeded capital outlays and lease additions in the period.

Amortization Expense	(140,192)	
Depreciation Expense	(4,842,271)	
Right to Use Leased Additions	173,463	
Capital Outlays	<u>669,246</u>	(4,139,754)

Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments and amortization of serial bond premiums in the period.

Amortization of Serial Bond Premium	581,605	
Repayment Bond Principal	<u>5,035,000</u>	5,616,605

Proceeds of debt refunding and payments to escrow agents as part of debt refunding are reported as other financing sources (uses) in the governmental funds. However, the amount of the proceeds in excess of the defeasance of old debt is deferred in the statement of net assets and amortized as a component of interest expense over the remaining life of the new debt.

Amortized Interest Expense	(62,739)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Grants and State Aid	285,567
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Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Retainage Payable	53,362	
Change in Accrued Interest on Serial Bonds	9,577	
Change in Compensated Absences	330,187	
Change in Other Postemployment Benefits	<u>(6,005,523)</u>	(5,612,397)

(Increases) decreases in the proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	2,141,995	
Employees' Retirement System	<u>364,396</u>	<u>2,506,391</u>

Change in Net Position Governmental Activities \$ 1,790,673

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	<u>Custodial Fund</u>
Assets	
Cash and Cash Equivalents	<u>\$ 107,366</u>
Liabilities	
Accounts Payable	\$ 1,760
Net Position	
Restricted for Extraclassroom Activities	<u>105,606</u>
Total Liabilities and Net Position	<u>\$ 107,366</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	<u>Custodial Fund</u>
Additions	
Property Tax Collections for Other Governments	\$ 336,876
Gifts and Contributions	<u>133,449</u>
Total Additions	<u>470,325</u>
Deductions	
Payments of Property Tax to Other Governments	336,876
Extraclassroom Activities	<u>140,300</u>
Total Deductions	<u>477,176</u>
Change in Net Position	(6,851)
Net Position, Beginning of Year	<u>112,457</u>
Net Position, End of Year	<u>\$ 105,606</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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 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 reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, 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 financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

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. The School District accounts for assets held as an agent for various student organizations in the Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office.

Joint Venture

The School District is a component district in the Herkimer-Fulton-Hamilton-Otsego Counties Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES' are organized under §1950 of the New York State Education Law. A BOCES' Board is considered a corporate body. Members of a BOCES' Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES' property is held by the BOCES' Board as a corporation [§1950(6)]. In addition, BOCES' Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Basis of Presentation

(a) *District-Wide Statements*

The Statement of Net Position and the Statement of Activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively, for those areas. 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.

(b) *Fund Financial Statements*

The fund 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 fund financial statements is on major governmental funds, each displayed in a separate column. All funds of the School District are displayed as major funds. The School District reports the following major governmental funds:

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's food service operations.

Miscellaneous Special Revenue Fund: This Fund is used to account for and report arrangements in which principal and income benefits annual third-party awards and scholarships. Established criteria govern the use of the funds and members of the district or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Projects Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) *Fiduciary Funds*

Fiduciary funds are used to account for and report fiduciary 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. There is one class of fiduciary funds:

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Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups or extraclassroom activity funds. In addition, the fund is used to account for real property taxes collected and paid to Ilion Free Public Library and Weller Library.

Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The 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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, other postemployment benefits, potential contingent liabilities, and useful lives of long-lived assets.

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to October 31. Herkimer County subsequently enforces uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

Restricted Resources

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

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Interfund Transactions

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

The amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 13 to the financial statements.

Cash and Cash Equivalents

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. 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.

Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Inventories and Prepaid Items

The inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food donated by the U.S. Department of Agriculture, at the government's assigned value, which approximates market.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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 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 receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets have been identified as not available for other subsequent expenditures.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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Land and construction in progress are not depreciated. The School District uses capitalization thresholds of \$5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Lives</u>	<u>Depreciation Method</u>
Buildings and Improvements	20-40 Years	Straight Line
Furniture, Equipment, and Vehicles	5-20 Years	Straight Line

Right to Use Leased Assets

The School District has recorded right to use leased assets as a result of implementing GASB No. 87, *Leases*. The intangible assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use leased assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District has three items that qualify for reporting in this category. The first item is a deferred charge on refunding. 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. The second item is related to pensions reported in the District-wide Statement of Net Position. It represents the effect of the net change in the School District's proportion of the collective net pension liability and difference during the measurement period between the School District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. This also includes the School District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to the reporting of other postemployment benefits. This item represents the effect of the net change in the actual and reported experience, changes of assumptions or other inputs, and School District contributions, including implicit subsidy, subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. It represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and difference during the measurement periods between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to the reporting of other postemployment benefits in the District-wide Statement of Net Position. This item represents the effect of changes of assumptions or other inputs.

In addition to liabilities in the governmental funds balance sheet, the School District will also sometimes report a separate section for deferred inflows of resources. The School District has one item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, this item, unavailable revenues for grants, is reported only in the governmental funds balance sheet.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences

Compensated absences consist of accumulated sick leave and vacation time.

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

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

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

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

Other Benefits

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

In addition to providing pension benefits, the School District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if School District employees are eligible for these benefits if they reach normal retirement age while working for the School District. 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 postemployment benefits is shared between the School District and the retired employee. The School District recognizes the costs of providing health insurance by recording its share of insurance premiums as an expenditure.

Equity classifications

(a) District-wide Financial Statements

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

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

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

Unrestricted net position – reports the balance of the net position that does not meet the definition of the above classifications and is deemed to be available for general use by the School District.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

(b) Fund Statements

In the fund financial statements, there are five classification of fund balance:

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

Restricted

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the School District's policy is to use restricted resources only when appropriated by the Board of Education. The School District has established the following restricted fund balances:

- ***Reserve for Workers' Compensation***

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

- ***Unemployment Insurance Reserve***

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the 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 sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

- ***Retirement Contribution Reserve***

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

- ***Reserve for Employee Benefit Accrued Liability***

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit 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.

- ***Capital Reserve***

The Capital Reserve is 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 people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of 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 Section 3651 of Education Law. This reserve is accounted for in the General Fund.

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On May 18, 2021, the voters authorized a capital reserve with a maximum amount of \$5,000,000 (plus accrued interest and investment earnings thereon) for the purpose of financing the construction of, and general improvements, reconstruction, renovations, or additions to, the School District's buildings and grounds, including site work, athletic fields and grounds, installation of safety and/or fire alarm systems, and the acquisition of original furnishings, equipment, machinery, or apparatus. The reserve is for a maximum term of 12 years. The School District fully funded the reserve from available fund balance at June 30, 2022.

- ***Reserve for Repairs***

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

- ***Miscellaneous Special Revenue Fund***

This fund is restricted by donors for various endowment and scholarship awards for the benefit of the School District and its students.

- ***Debt Service Fund***

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Projects Fund*** – This fund is used to account for and report the financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2022.

Assigned – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the School District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General Fund is also classified as Assigned Fund Balance in the General Fund. At June 30, 2022, there was no appropriated fund balance for the General Fund.

Unassigned – Includes all other fund amounts that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) *Order of Use of Fund Balance*

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless School District has provided otherwise in its commitment or assignment actions.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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New Accounting Standards

Effective July 1, 2021, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the School District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Future Changes in Accounting Standards

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. The District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

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

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

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

(a) Long-Term Revenue/Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

(b) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase or lease of capital items in the governmental fund statements and depreciation or amortization expense on those items as recorded in the Statement of Activities.

(c) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(d) Pension differences

Pension differences occur as a result of changes in the School District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
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(e) OPEB Differences

OPEB differences occur as a result of changes in the School District's total OPEB liability and differences between the School District's contributions and OPEB expense.

(f) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

3. STEWARDSHIP AND COMPLIANCE

Budgetary Procedures and Budgetary Accounting

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

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

Encumbrances

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

General Fund – Statutory Unassigned Fund Balance Limit

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

At June 30, 2022, the School District's unassigned fund balance is 21.76% of the 2022-2023 budget.

Statutory Debt Limit

At June 30, 2022, the School District was in compliance with the statutory debt limit.

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school districts) can levy. The School District was in compliance with the tax cap for the year ended June 30, 2022.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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4. CASH AND CASH EQUIVALENTS

Custodial 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.

As of June 30, 2022, the School District's bank balances of \$19,942,850 were fully collateralized by FDIC insurance of \$250,000 and securities held by an agent of the pledging financial institution but not in the School District's name of \$19,692,850, and not exposed to custodial credit risk.

Investment and Deposit Policy

The School District follows an investment and deposit policy, the overall objective of which is to provide the School District with the best rate of return available without exposing the principal to an unreasonable risk of loss. All investments made on behalf of the District shall comply with the requirements of all applicable federal and state laws, including the Education Law, General Municipal Law, and Local Finance Law.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents of \$7,044,286 in the General Fund represents amounts in the following reserves: \$240,000 for Workers' Compensation Reserve, \$95,000 for Unemployment Insurance Reserve, \$1,000,000 for ERS Retirement Contribution Reserve, \$250,000 for TRS Retirement Reserve, \$350,000 for Employee Benefit Accrued Liability Reserve, \$5,052,290 for Capital Reserve, and \$56,996 for the Repair Reserve.

Restricted cash and cash equivalents of \$835,923 in the Miscellaneous Special Revenue Fund represents funds gifted to the School District for scholarships and awards.

Restricted cash and cash equivalents of \$1,246,324 in the Debt Service Fund represents reserves for future debt service.

Restricted cash and cash equivalents of \$79,246 in the Capital Projects Fund represents serial bond proceeds and other amounts held for use on current capital projects.

5. PARTICIPATION IN BOCES

During the year, the School District was billed \$8,291,787 for BOCES' administrative and program costs. The School District's share of BOCES' aid amounted to \$3,661,763.

During the year ended June 30, 2022, the School District issued no debt on behalf of BOCES. During 2010, the BOCES issued \$14,200,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds are being repaid by the component districts of the BOCES over the term of the bonds. During the year ended June 30, 2022, the BOCES made a principal payment of \$975,000, which reduced the outstanding balance to \$3,975,000 at June 30, 2022. The School District's share of the outstanding balance is \$1,033,748.

Financial statements of the BOCES are available from the Herkimer-Fulton-Hamilton-Otsego BOCES located in Herkimer, New York.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
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6. DUE FROM OTHER GOVERNMENTS

The amount due from other governments in the General Fund, School Lunch Fund, Special Aid Fund, and Capital Projects Fund at June 30, 2022, consisted of:

General Fund		
New York State – August Excess Cost Aid	\$	752,127
BOCES Aid – September Payment		1,647,794
BOCES Credits		<u>61,519</u>
Total	\$	<u><u>2,461,440</u></u>
School Lunch Fund		
New York State – April/May/June Lunch and Breakfast	\$	9,661
Federal – May/June Lunch, Snack, and Breakfast		<u>269,131</u>
Total	\$	<u><u>278,792</u></u>
Special Aid Fund		
Federal Grants	\$	753,716
New York State Grants		<u>30,553</u>
Total	\$	<u><u>784,269</u></u>
Capital Projects Fund		
New York State Grants – Smart Schools Bond Act	\$	<u><u>1,235,023</u></u>

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is as follows:

			(Restated)			
	Beginning	Prior Period	Beginning	Additions	Deletions	Ending
	Balance	Adjustment	Balance			Balance
Capital Assets Not Being Depreciated						
Land	\$ 24,985	\$	\$ 24,985	\$	\$	\$ 24,985
Construction in Progress	<u>74,729,267</u>	<u>(74,675,905)</u>	<u>53,362</u>	<u>510,756</u>	<u>564,118</u>	<u>3,967,167</u>
Total	<u>74,754,252</u>	<u>(74,675,905)</u>	<u>78,347</u>	<u>510,756</u>	<u>564,118</u>	<u>24,985</u>
Capital Assets Being Depreciated						
Buildings and Improvements	99,626,545	71,444,763	171,071,308	221,995		171,293,303
Furniture, Equipment, and Vehicles	<u>9,252,695</u>	<u>(5,786,141)</u>	<u>3,466,554</u>	<u>500,613</u>		<u>3,967,167</u>
Total	<u>108,879,240</u>	<u>65,658,622</u>	<u>174,537,862</u>	<u>722,608</u>		<u>175,260,470</u>
Accumulated Depreciation						
Buildings and Improvements	43,743,106	1,393,792	45,136,898	4,544,982		49,681,880
Furniture, Equipment, and Vehicles	<u>7,708,311</u>	<u>(5,965,108)</u>	<u>1,743,203</u>	<u>297,289</u>		<u>2,040,492</u>
Total	<u>51,451,417</u>	<u>(4,571,316)</u>	<u>46,880,101</u>	<u>4,842,271</u>		<u>51,722,372</u>
Net Capital Assets Being Depreciated	<u>57,427,823</u>	<u>70,229,938</u>	<u>127,657,761</u>	<u>(4,119,663)</u>		<u>123,538,098</u>
Net Capital Assets	<u>\$ 132,182,075</u>	<u>\$ (4,445,967)</u>	<u>\$ 127,736,108</u>	<u>\$ (3,608,907)</u>	<u>\$ 564,118</u>	<u>\$ 123,563,083</u>

Depreciation expense of \$4,842,271 was allocated based on estimated usage by function as follows:

Function/Program	
General Support	\$ 780,617
Instruction	3,637,411
Pupil Transportation	304,218
Food Service Program	<u>120,025</u>
Total Depreciation	<u><u>\$ 4,842,271</u></u>

The School District recorded a prior period adjustment to restate the beginning balance of capital assets due to an updated appraisal performed during the 2021-22 fiscal year.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Right to Use leased asset activity for the year ended June 30, 2022, is as follows:

	(Restated)		
	Beginning		Ending
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
Right to Use Leased Assets			
Leased Equipment	\$ 700,960	\$ 173,463	\$ 874,423
Accumulated Amortization			
Leased Equipment	<u>263,601</u>	<u>140,192</u>	<u>403,793</u>
Net Right to Use Leased Assets	<u>\$ 437,359</u>	<u>\$ 33,271</u>	<u>\$ 470,630</u>

Amortization expense of \$140,192 is charged solely to instruction.

8. NONCURRENT LIABILITIES

Noncurrent liability balances and activity are as follows:

<u>Description</u>	Beginning			Ending	Due Within
	<u>Balance</u>	Issued	Paid	<u>Balance</u>	<u>One Year</u>
Long Term Debt					
Bonds Payable	\$ 58,750,000	\$	\$ 5,035,000	\$ 53,715,000	\$ 5,225,000
Bond Premium, Net	<u>7,522,874</u>		<u>581,605</u>	<u>6,941,269</u>	<u>581,602</u>
Total Long Term Debt	<u>66,272,874</u>		<u>5,616,605</u>	<u>60,656,269</u>	<u>5,806,602</u>
Other Liabilities					
Net Pension Liability - Proportionate Share	2,395,450		2,395,450		
Compensated Absences	1,169,057		330,187	838,870	
Other Postemployment Benefits	<u>123,741,483</u>	<u>8,140,543</u>	<u>3,163,100</u>	<u>128,718,926</u>	
Total Other Liabilities	<u>127,305,990</u>	<u>8,140,543</u>	<u>5,888,737</u>	<u>129,557,796</u>	
Total Noncurrent Liabilities	<u>\$ 193,578,864</u>	<u>\$ 8,140,543</u>	<u>\$ 11,505,342</u>	<u>\$ 190,214,065</u>	<u>\$ 5,806,602</u>

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Details relating to general obligation (serial) bonds of the School District outstanding at June 30, 2022, are summarized as follows:

<u>Payable From/Description</u>	<u>Original Issue</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund					
2014 Serial Bonds	06/10/14	\$ 7,105,000	06/15/29	2.0-5.0	\$ 3,970,000
2017 Refunding Bond	11/09/17	\$ 3,410,000	06/15/25	2.0-5.0	1,965,000
2017 Refunding Bond	12/28/17	\$ 8,775,000	06/15/26	2.0-4.0	4,930,000
2019 DASNY Bond	06/17/19	\$ 34,125,000	06/15/38	3.0-5.0	30,005,000
2018 DASNY Bond	06/07/18	\$ 16,185,000	06/15/34	3.375-5.0	<u>12,845,000</u>
Total					<u>\$ 53,715,000</u>

Principal and interest payments due on the serial bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Serial Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,225,000	\$ 2,415,813	\$ 7,640,813
2024	5,450,000	2,191,213	7,641,213
2025	5,240,000	1,947,613	7,187,613
2026	4,330,000	1,721,013	6,051,013
2027	3,740,000	1,517,781	5,257,781
2028-2032	19,660,000	4,732,306	24,392,306
2033-2037	8,810,000	1,132,663	9,942,663
2038	<u>1,260,000</u>	<u>50,400</u>	<u>1,310,400</u>
Total	<u>\$ 53,715,000</u>	<u>\$ 15,708,802</u>	<u>\$ 69,423,802</u>

Interest expense on the District-wide financial statements is calculated as follows:

Interest Paid on Long Term Debt	\$ 2,623,063
Less: Amortization of Bond Premium	(581,605)
Plus: Amortization of Deferred Loss on Refunding	62,739
Less: Interest Accrued in the Prior Year	(68,278)
Plus: Interest Accrued in the Current Year	<u>58,701</u>
Total Interest Expense	<u>\$ 2,094,620</u>

Special Provisions Affecting Remedies Upon Default

In the event of a default in the payment of the principal of and/or interest of the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Unamortized Premium

The original issue premiums on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premiums are being amortized using the straight-line method over 9 to 19 years, the remaining time to maturity of the respective bond issue. The current year amortization is \$581,605 and is included as a reduction to interest expense on the statement of activities.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The current year unamortized balance is calculated as follows:

Deferred Premiums from Debt	\$ 7,522,874
Less: Amount Recognized	<u>581,605</u>
Unamortized Premiums	<u>\$ 6,941,269</u>

9. DEFERRED CHARGE ON REFUNDING

Past advance refundings have resulted in total deferred charges of \$458,535 due to the carrying value of the refunded bonds exceeding the reacquisition prices. This amount has been classified as a deferred outflow of resources in the district-wide financial statements. The deferred losses are being amortized as interest expense using the straight-line method over the life of the refunding bonds. The remaining unamortized balance of these costs at June 30, 2022 is \$207,579.

The amortization charged to interest expense for the year ended June 30, 2022, was \$62,739.

10. ADVANCE REFUNDINGS – PRIOR YEAR

During 2018, the School District entered into advance refunding transactions related to certain issues of its bonded debt. A portion of the proceeds of the refunding bond issues were placed in an irrevocable trust and used to purchase securities to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2022, the principal balance on refunded bond issues is \$7,050,000.

11. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) *Plan Description*

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The 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 maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. 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, NY 12244.

(b) *Contributions*

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2022, were paid.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

The required contributions for the current year and two preceding years were:

<u>Year ended June 30,</u>	<u>Amount</u>
2020	\$ 469,009
2021	\$ 467,975
2022	\$ 509,211

(c) Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported an asset of \$733,635 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of April 1, 2021. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the School District.

At June 30, 2022 and 2021, the School District's proportion was .0089746 percent and .0089586 percent, respectively.

For the year ended June 30, 2022, the School District recognized pension expense of \$106,075. At June 30, 2022, the School District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,559	\$ 72,063
Change of assumptions	1,224,355	20,660
Net difference between projected and actual earnings on pension plan investments		2,402,347
Changes in proportion and differences between contributions and proportionate share of contributions	203,190	31,453
Contributions subsequent to the measurement date	<u>91,477</u>	
Total	<u>\$ 1,574,581</u>	<u>\$ 2,526,523</u>

School District contributions subsequent to the measurement date in the amount of \$91,477 were reported as deferred outflows of resources and will be recognized as a reduction of the net pension asset/liability in the year ended 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 ended June 30,</u>	<u>Amount</u>
2023	\$ (122,049)
2024	\$ (220,919)
2025	\$ (590,640)
2026	\$ (109,811)

(d) Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

The actuarial valuation used the following significant actuarial assumptions:

Investment rate of return (net of investment expense, including inflation)	5.9%
Cost of Living Adjustments	1.4%
Salary Scale	4.4%
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

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.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected 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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Opportunistic/ARS portfolio	3%	4.10%
Credit	4%	3.78%
Real assets	3%	5.58%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	100%	

*The real rate of return is net of the long-term inflation assumption of 2.5 percent.

(e) Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 1,888,368	\$ (733,635)	\$ (2,926,814)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$91,477 at June 30, 2022. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2022-2023 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, 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 Retirement and Social Security Law. 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.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The required employer contributions for the current year and two preceding years were:

Year ended June 30,	Amount
2020	\$ 1,298,794
2021	\$ 1,316,823
2022	\$ 1,440,137

(c) Pension Asset, Pension Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported an asset of \$14,107,344 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS System in reports provided to the School District.

At June 30, 2021 and 2020, the School District's proportion was .081409 percent and .086366 percent, respectively.

For the year ended June 30, 2022, the School District recognized pension income of \$701,134. 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
Differences between expected and actual experience	\$ 1,944,548	\$ 73,294
Change of Assumptions	4,640,200	821,711
Net difference between projected and actual earnings on Pensions plan investments		14,764,795
Changes in proportion and differences between contributions and proportionate share of contributions	416,590	59,268
Contributions subsequent to the measurement date	1,440,137	
Total	\$ 8,441,475	\$ 15,719,068

School District contributions subsequent to the measurement date in the amount of \$1,440,137 were reported as deferred outflows of resources and will be recognized as a reduction of the net pension asset or liability in the year ended 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:

Year ended June 30,	Amount
2022	\$ (1,713,452)
2023	\$ (2,056,698)
2023	\$ (2,635,221)
2025	\$ (3,507,299)
2026	\$ 703,462
Thereafter	\$ 491,478

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

(d) Actuarial Assumptions

The total pension liability at the June 30, 2021 measurement date was determined by using an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The actuarial valuation used the following significant actuarial assumptions:

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

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

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs 1.3% compounded annually.

Inflation rate 2.40%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2020, applied on a generational basis. Active member mortality rates are based on plan member experience, with adjustments for mortality improvements based on Scale MP2020.

The demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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 arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	33.0%	6.8%
International Equity	16.0%	7.6%
Global Equity	4.0%	7.1%
Real Estate Equity	11.0%	6.5%
Private Equity	8.0%	10.0%
Domestic Fixed Income Securities	16.0%	1.3%
High Yield Fixed Bonds	1.0%	3.8%
Global Bonds	2.0%	0.8%
Real Estate Debt	7.0%	3.3%
Private Debt	1.0%	5.9%
Cash Equivalents	1.0%	-0.2%
	100.0%	

* Real rates of return are net of the long-term inflation assumption of 2.4%.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

(e) Discount Rate

The discount rate used to calculate the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents School District’s proportionate share of the net pension asset calculated using the discount rate of 6.95 percent, as well as what the School District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension liability (asset)	\$ (1,480,360)	\$ (14,107,344)	\$ (24,719,408)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in the amount of \$1,440,137, excluding the employees’ share, in the General Fund at June 30, 2022. This amount represents contribution for the 2021-2022 fiscal year that will be made in 2022-2023 and has been accrued as an expenditure in the current year.

12. POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) Plan Description

Central Valley Central School District provides two minimum premium plans to eligible retirees and dependents through a single employer defined benefit plan with Herkimer County BOCES’ Health Insurance Consortium. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) Benefits Provided

The School District provides medical and prescription drug benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses, in accordance with the provisions of various employment contracts. The District also provides full Medicare Part B premium reimbursement to all retirees and spouses only. Surviving spouses do not receive Medicare Part B premium reimbursement from the District. The benefit levels, employee contributions and employer contributions are governed by the School District’s contractual agreements. The Plans can be amended by action of the School District through agreements with the bargaining units. The specifics of each contract are on file at the School District offices and are available upon request.

Benefit Cost Sharing	The School District pays 75% of all individual plan premiums and 60% of all family plan premiums for all former Ilion Central School District retirees.
	The School District pays 90-95% of premiums for former Mohawk Central School District retired teacher individual or family health plans.
	The School District pays 75% of all individual plan premiums and 60% of all family plan premiums for retired Central Valley Central School District teachers, administrative, and service employees.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(c) Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by benefit terms:

	Total
Inactive employees currently receiving benefit payments	247
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	263
Total	510

(d) Total OPEB Liability

The School District's total OPEB liability of \$128,718,926 was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2020.

(e) Changes in the Total OPEB Liability

Changes in the District's total OPEB liability were as follows:

	Total OPEB Liability
Balance at June 30, 2021	\$ 123,741,483
Changes recognized for the year:	
Service Cost	3,842,494
Interest on Total OPEB Liability	2,784,654
Changes of Assumptions and Other Inputs	1,513,395
Benefit Payments	(3,163,100)
Net changes	4,977,443
Balance at June 30, 2022	\$ 128,718,926

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.14 percent) or 1 percentage point higher (3.14 percent) than the current discount rate (2.14 percent):

	1%	Current	1%
	Decrease	Assumption	Increase
	(1.14%)	(2.14%)	(3.14%)
Total OPEB liability as of June 30, 2022	\$ 153,286,899	\$ 128,718,926	\$ 109,241,743

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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

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 healthcare cost trend rates that are 1 percentage point lower (5.5 percent decreasing to 2.94%) or 1 percentage point higher (7.5 percent decreasing to 4.94%) than the current healthcare cost trend rate (6.5 percent decreasing to 3.94%):

	1% Decrease <u>(5.5%-2.94%)</u>	Current Assumption <u>(6.5%-3.94%)</u>	1% Increase <u>(7.5%-4.94%)</u>
Total OPEB liability as of June 30, 2022	\$ 105,972,543	\$ 128,718,926	\$ 158,805,000

(h) 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 \$9,168,623.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,241,995	\$
Changes of assumptions or other inputs	17,319,493	1,781,308
Contributions subsequent to the measurement date	<u>3,203,836</u>	<u> </u>
Total	<u>\$ 21,765,324</u>	<u>\$ 1,781,308</u>

School District contributions subsequent to the measurement date in the amount of \$3,203,836 were reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended 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:

<u>Year ended June 30:</u>	<u>Amount</u>
2023	\$ 3,496,186
2024	\$ 4,782,920
2025	\$ 4,648,044
2026	\$ 3,644,285
2027	\$ 208,745

(i) Actuarial Methods and Assumptions

The total OPEB liability at the July 1, 2021 measurement date was determined by using an actuarial valuation as of July 1, 2020.

The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Inflation rate	2.4%
Healthcare Cost Trend Rates	6.5 percent for 2022 to an ultimate rate of 3.94 percent
Salary Changes	3.0%
Discount Rate	2.14%

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

The selected discount rate of 2.14% is based on the Bond Buyer Weekly 20-Bond GO Index. The discount rate changed from the prior measurement date. The discount rate was 2.21% for the School District at the July 1, 2020 measurement date.

Mortality rates for active employees were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

Mortality rates for retired employees were based on the RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

13. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

The following is a summary of interfund transactions and balances during the year ended June 30, 2022:

Fund Type	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 3,027,493	\$ 10,680	\$	\$ 300,358
School Lunch		208,274		
Special Aid	151,291	1,732,757	18,265	
Capital Projects		<u>1,227,073</u>	<u>282,093</u>	
Total	<u>\$ 3,178,784</u>	<u>\$ 3,178,784</u>	<u>\$ 300,358</u>	<u>\$ 300,358</u>

- Interfund receivables and payables are expected to be repaid within one year.
- The School District typically transfers from the General Fund to the Special Aid Fund as a local match for federal and state grants.
- The School District transferred \$282,093 from the General Fund to the Capital Projects Fund for the local share of various capital outlay projects.

14. RISK MANAGEMENT

General Information

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, these risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years. Sufficient reserves exist to cover any unfavorable settlements of the tax certiorari. The School District continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance.

Health and Workers' Compensation Insurance

The School District participates with eleven other governmental entities in the Herkimer County BOCES Health Insurance Consortium for its health insurance coverage, as well as with twenty-seven other school districts in the Madison-Oneida-Herkimer Workers' Compensation Consortium for its workers' compensation insurance coverage. Entities joining the plan must remain members for a minimum of one year; a member may withdraw from the plan after that time by submitting a notice of withdrawal 120 days for workers' compensation or 30 days for health insurance prior to the plan's year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The Consortiums are shared-risk public entity risk pools whereby each entity pays annual premiums. The School District paid premiums of \$228,763 to the Madison-Oneida-Herkimer Workers' Compensation Consortium and \$7,974,697 to Herkimer County BOCES Health Insurance Consortium for the year ended June 30, 2022. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

15. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2022:

<u>Restricted Reserve</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
General Fund			
Workers' Compensation Reserve	\$ 240,000	\$	\$ 240,000
Unemployment Insurance Reserve	95,000		95,000
ERS Retirement Contribution Reserve	1,000,000		1,000,000
TRS Retirement Contribution Reserve		250,000	250,000
Employee Benefit Accrued Liability Reserve	350,000		350,000
Capital Reserve	5,051,280	1,010	5,052,290
Repair Reserve	<u>56,984</u>	<u>12</u>	<u>56,996</u>
Total General Fund Restricted	<u>\$ 6,793,264</u>	<u>\$ 251,022</u>	<u>\$ 7,044,286</u>

(b) The following is the disaggregation of the fund balance that is reported in summary on the governmental fund's Balance Sheet:

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Misc. Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable							
School Lunch Inventory	\$	\$ 70,021	\$	\$	\$	\$	\$ 70,021
Restricted							
Workers' Compensation Reserve	240,000						240,000
Unemployment Insurance Reserve	95,000						95,000
ERS Retirement Contribution Reserve	1,000,000						1,000,000
TRS Retirement Contribution Reserve	250,000						250,000
Employee Benefit Accrued Liability Reserve	350,000						350,000
Capital Reserve	5,052,290						5,052,290
Repair Reserve	56,996						56,996
Restricted for Scholarships and Awards				835,923			835,923
Debt Service Fund					1,246,324		1,246,324
Capital Projects Fund						87,196	87,196
Total Restricted	<u>7,044,286</u>			<u>835,923</u>	<u>1,246,324</u>	<u>87,196</u>	<u>9,213,729</u>
Assigned							
Encumbrances	49,418						49,418
Food Service Program		518,205					518,205
Special Aid Fund			103,349				103,349
Total Assigned	<u>49,418</u>	<u>518,205</u>	<u>103,349</u>				<u>670,972</u>
Unassigned (Deficit)	<u>11,402,897</u>					<u>(1,235,023)</u>	<u>10,167,874</u>
Total Fund Balance (Deficit)	<u>\$ 18,496,601</u>	<u>\$ 588,226</u>	<u>\$ 103,349</u>	<u>\$ 835,923</u>	<u>\$ 1,246,324</u>	<u>\$ (1,147,827)</u>	<u>\$ 20,122,596</u>

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

16. COMMITMENT AND CONTINGENCIES

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

17. DEFICIT FUND BALANCE

Capital Projects Fund

The Capital Projects Fund has an unassigned fund balance deficit of \$1,235,023 at June 30, 2022 and a total fund balance deficit of \$1,147,827. This deficit is primarily due to deferring recognition of all revenues under the Smart Schools Bond Act as they do not meet the availability criterion. The deficit will be eliminated once the School District is reimbursed from the State.

18. NET POSITION DEFICIT – DISTRICT-WIDE

The District-wide Net Position had an unrestricted deficit at June 30, 2022 of \$90,846,595 and a total net position deficit of \$18,047,843. The deficit is primarily the result of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which required the recognition of an unfunded liability of \$128,718,926 at June 30, 2022. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

19. PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2022, the School District had an appraisal for its capital assets conducted. As a result of the appraisal, a prior period adjustment was required increasing the district-wide deficit and decreasing net capital assets in the amount of \$4,445,967.

20. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD

The following adjustments were made to the prior year's net deficit due to the implementation of GASB 87, *Leases*:

Net (Deficit) Beginning of Year, As Previously Stated	\$ <u>(15,829,908)</u>
GASB Statement No. 87 Implementation:	
Right to Use Leased Assets	<u>437,359</u>
Cumulative Effect of Change in Accounting Principle	<u>437,359</u>
Prior Period Adjustment for Capital Assets (Note 19)	<u>(4,445,967)</u>
Net (Deficit) Beginning of Year, As Restated	\$ <u><u>(19,838,516)</u></u>

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	\$ 6,416,899	\$ 6,416,899	\$ 6,740,964	\$	324,065
STAR and Other Real Property Tax Items	2,423,101	2,423,101	2,105,021		(318,080)
Charges for Services	75,000	75,000	49,374		(25,626)
Use of Money and Property	132,000	132,000	169,198		37,198
Sale of Property and Compensation for Loss			2,131		2,131
Miscellaneous	450,000	450,000	896,568		446,568
State Aid	40,887,885	40,887,885	40,197,014		(690,871)
Federal Aid	<u>250,000</u>	<u>250,000</u>	<u>279,463</u>		<u>29,463</u>
Total Revenues	50,634,885	50,634,885	50,439,733		(195,152)
Other Financing Sources					
Transfers from Other Funds	200,000	200,000			(200,000)
Appropriated Fund Balance	<u>309,642</u>	<u>309,642</u>			<u>(309,642)</u>
Total Revenues and Other Financing Sources	<u>\$ 51,144,527</u>	<u>\$ 51,144,527</u>	<u>50,439,733</u>		<u>\$ (704,794)</u>
Expenditures					
General Support					
Board of Education	\$ 34,500	\$ 29,117	12,192	\$	\$ 16,925
Central Administration	316,807	318,958	315,313		3,645
Finance	731,880	723,160	688,614	650	33,896
Staff	240,939	241,170	227,059		14,111
Central Services	2,660,012	2,603,247	2,348,300	24,147	230,800
Special Items	<u>1,333,634</u>	<u>1,552,822</u>	<u>1,507,632</u>		<u>45,190</u>
Total General Support	<u>5,317,772</u>	<u>5,468,474</u>	<u>5,099,110</u>	<u>24,797</u>	<u>344,567</u>
Instruction					
Instruction, Administration, and Improvement	1,420,067	1,401,618	1,227,100		174,518
Teaching - Regular School	11,717,090	12,315,143	11,991,160	20,858	303,125
Programs for Children With Special Needs	6,044,576	5,810,743	5,472,751		337,992
Occupational Education	1,531,574	1,531,574	1,531,574		
Teaching - Special School	7,400	51,001	50,650		351
Instructional Media	483,833	589,595	535,501	2,993	51,101
Pupil Services	<u>1,360,958</u>	<u>1,433,643</u>	<u>1,288,778</u>	<u>770</u>	<u>144,095</u>
Total Instruction	<u>22,565,498</u>	<u>23,133,317</u>	<u>22,097,514</u>	<u>24,621</u>	<u>1,011,182</u>
Pupil Transportation	2,227,475	2,323,857	2,159,997		163,860
Employee Benefits	13,055,720	12,240,817	10,216,086		2,024,731
Debt Service - Principal	5,135,000	5,135,000	5,035,000		100,000
Debt Service - Interest	<u>2,723,062</u>	<u>2,723,062</u>	<u>2,623,063</u>		<u>99,999</u>
Total Expenditures	51,024,527	51,024,527	47,230,770	49,418	3,744,339
Other Financing Uses					
Transfers to Other Funds	120,000	120,000	300,358		(180,358)
Total Expenditures and Other Financing Uses	<u>\$ 51,144,527</u>	<u>\$ 51,144,527</u>	<u>47,531,128</u>	<u>\$ 49,418</u>	<u>\$ 3,563,981</u>
Net Change in Fund Balance			2,908,605		
Fund Balance - Beginning of Year			<u>15,587,996</u>		
Fund Balance - End of Year			<u>\$ 18,496,601</u>		

Notes to Required Supplementary Information:

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

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

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2022

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Measurement Date	7/1/21	7/1/20	7/1/19	7/1/18	7/1/17
Total OPEB Liability					
Service Cost	\$ 3,842,494	\$ 2,179,216	\$ 2,154,115	\$ 1,999,416	\$ 2,591,581
Interest on Total OPEB Liability	2,784,654	3,405,781	3,605,436	3,241,527	2,858,028
Differences between Expected and Actual Experience		955,921		2,081,654	
Changes in Assumptions or Other Inputs	1,513,395	23,573,404	1,319,080	(1,575,785)	(12,461,261)
Benefit Payments	<u>(3,163,100)</u>	<u>(3,003,292)</u>	<u>(2,915,587)</u>	<u>(2,644,795)</u>	<u>(2,626,164)</u>
Net Change in Total OPEB Liability	4,977,443	27,111,030	4,163,044	3,102,017	(9,637,816)
Total OPEB liability - Beginning of Year	<u>123,741,483</u>	<u>96,630,453</u>	<u>92,467,409</u>	<u>89,365,392</u>	<u>99,003,208</u>
Total OPEB liability - End of Year	<u>\$ 128,718,926</u>	<u>\$ 123,741,483</u>	<u>\$ 96,630,453</u>	<u>\$ 92,467,409</u>	<u>\$ 89,365,392</u>
Covered employee payroll	\$ 19,057,772	\$ 19,057,772	\$ 16,753,149	\$ 16,235,906	\$ 16,089,773
Total OPEB liability as a percentage of covered payroll	675.41%	649.30%	576.79%	569.52%	555.42%

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Notes to Schedule:

Changes of Benefit Terms: Not Applicable.

Changes of assumptions and other inputs in the current year reflect the effects of the following:

The discount rate in effect at the current measurement date is 2.14% while the previous rate was 2.21%.

Plan Assets: No assets are accumulated in a trust that meets all of the criteria of GASBS No. 75, paragraph 4, to pay benefits.

See Independent Auditor's Report.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
For the Year Ended June 30, 2022**

ERS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>
Contractually Required Contribution	\$ 509,211	\$ 467,975	\$ 469,009	\$ 450,097	\$ 465,381	\$ 496,999	\$ 490,646	\$ 605,863	\$ 645,444
Contributions in Relation to the Contractually Required Contribution	<u>509,211</u>	<u>467,975</u>	<u>469,009</u>	<u>450,097</u>	<u>465,381</u>	<u>496,999</u>	<u>490,646</u>	<u>605,863</u>	<u>645,444</u>
Contribution Deficiency (Excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
School District's Covered-ERS Employee Payroll	\$ 3,128,942	\$ 3,223,370	\$ 3,170,466	\$ 3,087,308	\$ 3,056,182	\$ 3,213,145	\$ 2,870,177	\$ 3,034,358	\$ 3,024,386
Contributions as a Percentage of Covered-Employee Payroll	16.27%	14.52%	14.79%	14.58%	15.23%	15.47%	17.09%	19.97%	21.34%

TRS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>
Contractually Required Contribution	\$ 1,440,137	\$ 1,316,823	\$ 1,298,794	\$ 1,546,639	\$ 1,414,700	\$ 1,684,749	\$ 1,905,085	\$ 2,562,186	\$ 2,177,681
Contributions in Relation to the Contractually Required Contribution	<u>1,440,137</u>	<u>1,316,823</u>	<u>1,298,794</u>	<u>1,546,639</u>	<u>1,414,700</u>	<u>1,684,749</u>	<u>1,905,085</u>	<u>2,562,186</u>	<u>2,177,681</u>
Contribution Deficiency (Excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
School District's Covered-TRS Employee Payroll	\$ 14,695,276	\$ 13,817,660	\$ 14,659,074	\$ 14,563,456	\$ 14,435,714	\$ 14,374,991	\$ 14,367,157	\$ 14,616,007	\$ 13,401,114
Contributions as a Percentage of Covered-Employee Payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

*Information is presented only for the years the School District was in existence.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET / LIABILITY
For the Year Ended June 30, 2022

ERS Pension Plan

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
District's Proportion of the Net Pension Asset or Liability	0.0089746%	0.0089586%	0.0092344%	0.0097200%	0.0097885%	0.0104597%	0.0102645%	0.0077766%	0.0077766%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 733,635	\$ (8,920)	\$ (2,445,322)	\$ (688,693)	\$ (315,917)	\$ (982,815)	\$ (1,647,489)	\$ (262,713)	\$ (351,415)
District's Covered-Employee Payroll	\$ 3,128,942	\$ 3,223,370	\$ 3,170,466	\$ 3,087,308	\$ 3,056,182	\$ 3,213,145	\$ 2,870,177	\$ 3,034,358	\$ 3,024,386
District's Proportionate Share of the Net Pension Asset or Liability as a Percentage of its Covered-Employee Payroll	23.4%	0.3%	77.1%	22.3%	10.3%	30.6%	57.4%	8.7%	11.6%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%

TRS Pension Plan

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*	2013*
District's Proportion of the Net Pension Asset or Liability	0.081409%	0.086366%	0.087250%	0.088623%	0.090713%	0.094096%	0.097302%	0.090722%	0.090215%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 14,107,344	\$ (2,386,530)	\$ 2,266,763	\$ 1,602,540	\$ 689,507	\$ (1,007,807)	\$ 10,106,527	\$ 10,105,910	\$ 593,845
District's Covered-Employee Payroll	\$ 13,817,660	\$ 14,659,074	\$ 14,563,456	\$ 14,435,714	\$ 14,374,991	\$ 14,367,157	\$ 14,616,007	\$ 13,401,114	N/A
District's Proportionate Share of the Net Pension Asset or Liability as a Percentage of its Covered-Employee Payroll	102.1%	16.3%	15.6%	11.1%	4.8%	7.0%	69.1%	75.4%	N/A
Plan Fiduciary Net Position as a Percentage of Total Pension liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

*Information is presented only for the years the School District was in existence.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
For the Year Ended June 30, 2022**

Change from Adopted Budget to Final Budget

Adopted Budget	<u>\$ 51,074,162</u>
Add: Prior Year's Encumbrances	<u>70,365</u>
Original Budget	<u>\$ 51,144,527</u>
Original and Final Budget	<u>\$ 51,144,527</u>

Section 1318 of Real Property Tax Law Limit Calculation

Central Valley School District 2022-23 voter-approved expenditure budget	<u>\$ 52,414,760</u>
Maximum allowed (4% of 2022-23 budget)	<u>\$ 2,096,590</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :	
Unrestricted fund balance:	
Assigned fund balance	49,418
Unassigned fund balance	<u>11,402,897</u>
Total unrestricted fund balance	<u>11,452,315</u>
Less:	
Encumbrances included in assigned fund balance	<u>49,418</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 11,402,897</u>
Actual Percentage	21.76%

See Independent Auditor's Report.

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total			Federal and State Aid	Local Sources	Total	
2015 Capital Project - Per Referendum	\$ 73,645,000	\$ 73,645,000	\$ 73,558,275	\$ 115,652	\$ 73,673,927	\$ (28,927)	\$ 50,310,000	\$ 1,236,024	\$ 22,127,903	\$ 73,673,927	\$
Smart Schools Bond Act Technology Project	2,954,211	2,954,211	946,262	288,761	1,235,023	1,719,188					(1,235,023)
2020-2021 Capital Outlay Project	100,000	100,000	9,773	93,539	103,312	(3,312)			103,312	103,312	
2021-2022 Capital Outlay Project	<u>100,000</u>	<u>100,000</u>		<u>12,804</u>	<u>12,804</u>	<u>87,196</u>			<u>100,000</u>	<u>100,000</u>	<u>87,196</u>
Total All Capital Projects	<u>\$ 76,799,211</u>	<u>\$ 76,799,211</u>	<u>\$ 74,514,310</u>	<u>\$ 510,756</u>	<u>\$ 75,025,066</u>	<u>\$ 1,774,145</u>	<u>\$ 50,310,000</u>	<u>\$ 1,236,024</u>	<u>\$ 22,331,215</u>	<u>\$ 73,877,239</u>	<u>\$ (1,147,827)</u>

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
June 30, 2022

Capital Assets, Net	\$ 123,563,083
Right to Use Leased Assets, Net	<u>470,630</u>
	<u>124,033,713</u>
Add:	
Deferred Charge on Refunding	<u>207,579</u>
Deduct:	
Serial Bonds Payable	53,715,000
Premiums on Bonds Payable	<u>6,941,269</u>
	<u>60,656,269</u>
Net Investment in Capital Assets	<u><u>\$ 63,585,023</u></u>

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Education
Central Valley Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Valley Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Central Valley Central School District's basic financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Valley Central 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 Central Valley Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Valley Central School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

November 7, 2022

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Board of Education
Central Valley Central School District, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Valley Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Central Valley Central School District's major federal programs for the year ended June 30, 2022. Central Valley Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Valley Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central Valley Central 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 Central Valley Central 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 Central Valley Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Valley Central 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 Central Valley Central 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 Central Valley Central 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

D'Arcangelo + Co., LLP

November 7, 2022

Rome, New York

CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Agency or Pass- through Number	Federal Expenditures	Subrecipients
<u>United States Department of Agriculture</u>				
Passed Through New York State Department of Education:				
Child Nutrition Cluster				
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A	\$ 81,822	\$
Cash Assistance				
School Breakfast Program	10.553	N/A	358,610	
National School Lunch Program	10.555	N/A	972,537	
Summer Food Service Program for Children	10.559	N/A	13,296	
Total Child Nutrition Cluster			<u>1,426,265</u>	
COVID-19 Pandemic EBT Administrative Costs	10.649	N/A	<u>1,803</u>	
Total Department of Agriculture			<u>1,428,068</u>	
<u>United States Department of Education</u>				
Passed Through New York State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021221110	700,985	
School Improvement Grant	84.010	0011223020	<u>197,350</u>	
Total			<u>898,335</u>	
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	0032220303	601,261	
Special Education - Preschool Grants	84.173	0033220303	<u>21,348</u>	
Total Special Education Cluster (IDEA)			<u>622,609</u>	
Supporting Effective Instruction State Grants	84.367	0147221110	<u>72,726</u>	
Student Support and Academic Enrichment Program	84.424	0204221110	<u>52,967</u>	
COVID-19 Education Stabilization Fund				
Governor's Emergency Education Relief (GEER) Fund	84.425C	5895211110	438	
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890211110	2,583	
Elementary and Secondary School Emergency Relief (ESSER 2) Fund	84.425D	5891211110	1,815,149	
American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880211110	398,800	
American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER SLR Learning Loss)	84.425U	5883211110	<u>19,876</u>	
Total Education Stabilization Fund			<u>2,236,846</u>	
Total Department of Education			<u>3,883,483</u>	
Total Federal Awards Expended			<u>\$ 5,311,551</u>	<u>\$</u>

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Central Valley Central School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

De Minimis Indirect Cost Rate

The School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the food commodities received. At June 30, 2022, the School District had food commodities totaling \$46,389 in inventory.

Personal Protective Equipment (PPE)

The School District did not receive any donated PPE from a federal agency.

Cluster Programs

The following programs are identified by “OMB Compliance Supplement” to be part of a cluster of programs:

U.S. Department of Agriculture

Nutrition Cluster

AL #10.553	School Breakfast Program
AL #10.555	National School Lunch Program
AL #10.559	Summer Food Service Program for Children

U.S. Department of Education

Special Education Cluster

AL #84.027	Special Education	Grants to States (IDEA, Part B)
AL #84.173	Special Education	Preschool Grants (IDEA Preschool)

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FEDERAL COMPLIANCE REQUIREMENTS
 For the Year Ended June 30, 2022**

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Education</u> AL#84.010 Title I Grants to Local Education Agencies AL#84.010 School Improvement Grant COVID-19 Education Stabilization Fund AL #84.425C Governor's Emergency Education Relief (GEER) Fund AL #84.425D Elementary and Secondary School Emergency Relief (ESSER and ESSER 2) Fund AL #84.425U American Rescue Plan – Elementary and Secondary School Emergency (ARP ESSER & SLR Learning Loss)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

(Continued)

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022**

(Continued)

Findings – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.

**CENTRAL VALLEY CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022**

Findings – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.