

**NEWARK VALLEY
CENTRAL SCHOOL DISTRICT**

Newark Valley, New York

FINANCIAL REPORT

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



NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Newark Valley
Central School District
Newark Valley, New York

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 10, 2023

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-Wide Financial Statements

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

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

Fund Financial Statements

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 8,112,373	\$ 4,223,986	\$ 3,888,387
<i>Noncurrent Assets</i>	4,996,416	16,943,151	(11,946,735)
<i>Capital Assets, Net</i>	38,361,729	38,868,293	(506,564)
<i>Total Assets</i>	51,470,518	60,035,430	(8,564,912)
<i>Total Deferred Outflows of Resources</i>	13,421,018	15,818,824	(2,397,806)
<i>Current Liabilities</i>	4,498,152	3,825,611	672,541
<i>Noncurrent Liabilities</i>	64,906,813	67,950,625	(3,043,812)
<i>Total Liabilities</i>	69,404,965	71,776,236	(2,371,271)
<i>Total Deferred Inflows of Resources</i>	22,573,022	32,080,174	(9,507,152)
<i>Net Investment in Capital Assets</i>	25,645,387	25,419,672	225,715
<i>Restricted</i>	7,975,134	8,836,703	(861,569)
<i>Unrestricted (Deficit)</i>	(60,706,972)	(62,258,531)	1,551,559
<i>Total Net (Deficit)</i>	\$(27,086,451)	\$(28,002,156)	\$ 915,705

Significant changes from prior year are as follows:

- Total assets decreased 14.27%. This change was primarily the result of a change in the School District's net pension assets to net pension liabilities.
- Deferred outflows of resources decreased 15.16% and deferred inflows of resources decreased 29.64%. These changes are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.
- Total liabilities decreased 3.30%. This change stems primarily from a decrease in the School District's OPEB liability and bonds payable.
- Total net (deficit) decreased 3.27%. This is primarily a result of revenues in excess of expenses, as further discussed in *Figure 2*.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 195,683	\$ 135,625	\$ 60,058
<i>Operating Grants</i>	3,195,791	3,406,849	(211,058)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	6,849,159	6,782,890	66,269
<i>Real Property Tax Items</i>	1,299,164	1,365,922	(66,758)
<i>State Sources</i>	17,149,563	16,548,244	601,319
<i>Use of Money and Property</i>	236,980	11,647	225,333
<i>Other General Revenues</i>	298,461	413,171	(114,710)
<i>Total Revenues</i>	\$ 29,224,801	\$28,664,348	\$ 560,453
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 4,236,729	\$ 4,194,481	\$ 42,248
<i>Instruction</i>	20,644,299	18,817,472	1,826,827
<i>Pupil Transportation</i>	2,235,348	2,237,027	(1,679)
<i>School Lunch Program</i>	832,038	814,902	17,136
<i>Interest on Debt</i>	360,682	472,163	(111,481)
<i>Total Expenses</i>	\$ 28,309,096	\$26,536,045	\$ 1,773,051
<i>CHANGE IN NET (DEFICIT)</i>	\$ 915,705	\$ 2,128,303	\$ (1,212,598)

Significant changes from prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 1.96%, while total expenses increased by 6.68%.
- The increase in revenue is mainly due to an increase in state sources, due to an increase in the lottery aid and excess cost aid, as well as an increase in Use of Money and Property due to interest earnings. This is offset by decreases in operating grants related to federal reimbursement associated with the School District's breakfast and lunch programs.
- The increase in expenses is primarily due to an increase in the School District's pension expense in comparison to the prior year.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the changes in fund balances for the year for the School District's funds. Total fund balance decreased by 1.59%, primarily due to transfers from General Fund to the Capital Projects Fund for capital projects.

Figure 3

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 6,877,623	\$ 9,967,596	\$ (3,089,973)
<i>Capital Projects Fund</i>	2,036,730	(879,435)	2,916,165
<i>Non-Major Funds</i>	935,599	918,871	16,728
<i>Total Governmental Funds</i>	\$ 9,849,952	\$10,007,032	\$ (157,080)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves budgetary transfers of \$5,000 or more that revise the School District budget line items. These budget amendments consist of budget transfers between functions, which did not increase the overall budget for the year ended June 30, 2023. The School District did increase its overall budget based on appropriation of reserves and gifts and donations.

The School District received \$379,643 more in General Fund revenues and other financing sources due to higher than anticipated interest and earnings. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$1,971,070. This is primarily due to lower than expected general support and instructional programs, as well as pupil transportation and employee benefits.

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ended June 30, 2023.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4

<i>Condensed Budgetary Comparison General Fund - 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 8,130,470	\$ 6,855,488	\$ 6,849,159	\$ (6,329)
<i>Other Tax Items</i>	18,000	1,292,982	1,299,164	6,182
<i>State Sources</i>	17,129,121	17,129,121	17,149,563	20,442
<i>Federal Sources</i>	-	-	-	-
<i>Other, Including Other Financing Sources</i>	279,600	283,801	643,149	359,348
<i>Total Revenues and Other Financing Sources</i>	\$25,557,191	\$25,561,392	\$ 25,941,035	\$ 379,643
Appropriated Fund Balances, Reserves, and Encumbrances				
	\$ 1,831,876	\$ 5,501,238		
EXPENDITURES				
<i>General Support</i>	\$ 3,408,482	\$ 3,564,648	\$ 3,205,788	\$ 358,860
<i>Instruction</i>	12,502,312	12,694,940	11,901,972	792,968
<i>Pupil Transportation</i>	1,535,004	1,564,154	1,248,344	315,810
<i>Community Services</i>	4,000	4,000	-	4,000
<i>Employee Benefits</i>	8,082,000	7,693,789	7,222,752	471,037
<i>Debt Service</i>	-	120,319	120,319	-
<i>Other Financing Uses</i>	1,857,269	5,420,780	5,392,385	28,395
<i>Total Expenditures and Other Financing Uses</i>	\$27,389,067	\$31,062,630	\$ 29,091,560	\$ 1,971,070

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the School District had invested in a broad range of capital assets totaling \$64,354,891, including intangible lease assets; offset by accumulated depreciation and amortization of \$25,738,366 and \$254,796, respectively. *Figure 5* shows the changes in the School District's capital assets.

Figure 5

<i>Changes in Capital Assets</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 89,685	\$ 89,685	\$ -
<i>Construction in Progress</i>	635,594	81,835	553,759
<i>Buildings, Net</i>	34,946,145	36,362,457	(1,416,312)
<i>Furniture and Equipment, Net</i>	2,486,655	2,229,524	257,131
<i>Intangible Lease Assets, Net</i>	203,650	104,792	98,858
<i>Total</i>	\$38,361,729	\$38,868,293	\$ (506,564)

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

Construction in Progress	\$ 553,759
Buildings	25,409
Furniture and Equipment	796,201
Intangible Lease Asset Additions	196,666
Total Additions	1,572,035
 (Less) Net Book Value of Disposed Equipment	 (127,592)
(Less) Depreciation Expense	(1,853,199)
(Less) Amortization Expense	(97,808)
	<u>(278,599)</u>
 Net Change in Capital Assets	 <u><u>\$ (506,564)</u></u>

Debt Administration

Figure 6 shows the changes in the School District's outstanding debt. Total indebtedness represented 23.9% of the constitutional debt limit, exclusive of building aid estimates.

Figure 6

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Bond Anticipation Notes</i>	\$ 1,107,000	\$ 1,043,100	\$ 63,900
<i>Serial Bonds</i>	11,265,928	12,418,166	(1,152,238)
<i>Lease Liabilities</i>	10,862	1,392	9,470
<i>Total</i>	\$12,383,790	\$13,462,658	\$ (1,078,868)

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Over the past ten years, the District's financing structure has been relatively stable. The District has seen State Aid increase for most of the ten year period. For 2023/2024 school year, the District will see a 5.93% increase in State Aid, which is the highest percentage increase in the ten year period. 63.11% of the 2023/2024 General Fund budget will be financed by State Aid compared with 61.61% ten years ago in 2014/2015.
- Over the years, the District has been keeping the General Fund budget increase at a moderate level - eight out of ten years, General Fund budget increase rates were lower than those of State Aid increase. In the meantime, the District has been utilizing reserves and other revenue sources to minimize tax levy increase. Nine out of ten years, Tax Levy increase rates were lower than those of General Fund Budget increase. In 2014/2015, local property taxes financed 31.77% of the General Fund budget. In 2023/2024, 29.09% of the General Fund budget will be financed by local property taxes.
- During this ten-year period, the General Fund budget increased by an average of 2.08% per year with exception of 4.87% a decrease in 2020/2021 fiscal year. State Aid increased by an average of 2.93% annually during the same time period with the highest two years being 5.50% in 2019/2020 and 5.93% in 2023/2024, and a decrease of 8.94% in 2020/2021 fiscal year. The average annual local property tax increase for the same period was 1.40% with lowest two years being 0.30% in 2021/2022 and 0% in 2022/23.
- Although the District has seen State Aid increase in majority of the past ten years, if the State Aid share of the General Fund budget decrease in the future, the School District would experience higher local property tax levy increase than the past ten year's average. Since the District is now subject to the constraints of the tax levy limit formula imposed by the State, keeping General Fund budget increase in line with the funding constraints has been and will remain a crucial task for the District.
- From 2013/2014 to 2022/2023, School District enrollment (not including students attending BOCES and other schools) for Grades K to 12 has decreased from 1,223 pupils to 981 pupils. Based on this historical trend, student enrollment will continue to decline in the future. The decline in student enrollment could have an impact on future School District staffing levels as well as the amount of state and federal funds the District will receive.
- Although the COVID pandemic has been over, the District will still incur additional costs associated with complying with state safety regulations. Fiscally, the COVID pandemic has created a high degree of uncertainty. Under the American Rescue Plan, the district is receiving substantial funding through 2024 Fiscal Year. The District has received allocation of \$1,303,093 with GEER & ESSER, payable from 3/13/20 to 9/30/23, \$3,947,557 with ARP-ESSER and \$2,196,715 with ARP-State Reserve, payable from 3/13/20 to 9/30/24. The funds will be used to address learning loss, summer school and after school programs, as well as facilities improvement and technology upgrade needs. The District plans to utilize these federal resources to fund one-time expense with lasting effects while minimizing impact on future general budget.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Newark Valley Central School District, at 68 Wilson Creek Road, Newark Valley, New York 13811.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash - Unrestricted	\$ 3,417,569
Cash - Restricted	<u>2,995,415</u>
Receivables:	
State and Federal Aid	<u>988,393</u>
Due From Other Governments	<u>650,416</u>
Other	<u>32,859</u>
Inventories	<u>27,721</u>
Total Current Assets	<u>8,112,373</u>

Noncurrent Assets

Cash - Restricted	<u>4,996,416</u>
Capital Assets, Net:	
Land and Other Nondepreciable Capital Assets	<u>725,279</u>
Depreciable Capital Assets, Net	<u>37,432,800</u>
Intangible Lease Assets, Net	<u>203,650</u>
Total Noncurrent Assets	<u>43,358,145</u>

Total Assets	<u>51,470,518</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Defeased Debt	<u>8,117</u>
Pensions	<u>6,193,719</u>
Other Postemployment Benefits	<u>7,219,182</u>
Total Deferred Outflows of Resources	<u>13,421,018</u>

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (Continued) JUNE 30, 2023

LIABILITIES

Current Liabilities

Payables:

Accounts Payable	\$ 725,498
Accrued Liabilities	136,547
Due to Other Governments	213
Bond Interest and Matured Bonds	53,684
Bond Anticipation Notes Payable	1,107,000
Unearned Revenue	191,188
Due to Teachers' Retirement System	1,007,692
Due to Employees' Retirement System	90,699
Current Portion of Long-Term Obligations:	
Bonds Payable	1,183,272
Lease Liabilities	2,359
Total Current Liabilities	4,498,152

Noncurrent Liabilities

Bonds Payable	10,082,656
Lease Liabilities	8,503
Compensated Absences Payable	1,012,750
Other Postemployment Benefits Liability	51,100,339
Net Pension Liability - Proportionate Share	2,702,565
Total Noncurrent Liabilities	64,906,813
Total Liabilities	69,404,965

DEFERRED INFLOWS OF RESOURCES

Pensions	544,104
Other Postemployment Benefits	22,028,918
Total Deferred Inflows of Resources	22,573,022

NET POSITION

Net Investment in Capital Assets	25,645,387
Restricted Net Position	7,975,134
Unrestricted (Deficit)	(60,706,972)
Total Net (Deficit)	\$ (27,086,451)

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
General Support	\$ 4,236,729	\$ -	\$ -	\$ -	\$ (4,236,729)
Instruction	20,644,299	48,750	2,495,505	-	(18,100,044)
Pupil Transportation	2,235,348	-	-	-	(2,235,348)
School Lunch Program	832,038	146,933	700,286	-	15,181
Interest on Debt	360,682	-	-	-	(360,682)
Total Functions and Programs	\$ 28,309,096	\$ 195,683	\$ 3,195,791	\$ -	(24,917,622)
GENERAL REVENUES					
					6,849,159
Real Property Taxes					1,299,164
Real Property Tax Items					236,980
Use of Money and Property					17,149,563
State Sources					(126,197)
Sale of Property and Compensation for Loss					424,658
Miscellaneous					
Total General Revenues					25,833,327
Change in Net Position					915,705
Total Net (Deficit) - Beginning of Year					(28,002,156)
Total Net (Deficit) - End of Year					\$ (27,086,451)

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
ASSETS				
Cash - Unrestricted	\$ 1,935,678	\$ 1,447,669	\$ 34,222	\$ 3,417,569
Cash - Restricted	4,866,904	2,036,730	1,088,197	7,991,831
Due From Other Funds	465,035	-	-	465,035
State and Federal Aid	584,249	-	404,144	988,393
Due From Other Governments	650,416	-	-	650,416
Other Receivables	32,470	-	389	32,859
Inventories	-	-	27,721	27,721
Total Assets	<u>\$ 8,534,752</u>	<u>\$ 3,484,399</u>	<u>\$ 1,554,673</u>	<u>\$ 13,573,824</u>
LIABILITIES				
Accounts Payable	\$ 375,833	\$ 340,669	\$ 8,996	\$ 725,498
Accrued Liabilities	124,196	-	12,351	136,547
Due to Other Funds	58,517	-	406,518	465,035
Due to Other Governments	-	-	213	213
Bond Anticipation Notes Payable	-	1,107,000	-	1,107,000
Unearned Revenue	192	-	190,996	191,188
Due to Teachers' Retirement System	1,007,692	-	-	1,007,692
Due to Employees' Retirement System	90,699	-	-	90,699
Total Liabilities	<u>1,657,129</u>	<u>1,447,669</u>	<u>619,074</u>	<u>3,723,872</u>
FUND BALANCES				
Nonspendable	-	-	27,721	27,721
Restricted	4,866,904	2,036,730	1,071,500	7,975,134
Assigned	884,682	-	-	884,682
Unassigned	1,126,037	-	(163,622)	962,415
Total Fund Balances (Deficit)	<u>6,877,623</u>	<u>2,036,730</u>	<u>935,599</u>	<u>9,849,952</u>
Total Liabilities and Fund Balances	<u>\$ 8,534,752</u>	<u>\$ 3,484,399</u>	<u>\$ 1,554,673</u>	<u>\$ 13,573,824</u>

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

Fund Balances - Total Governmental Funds		\$ 9,849,952
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.</p>		
Total Historical Cost	\$ 64,354,891	
Less Accumulated Depreciation	(25,738,366)	
Less Accumulated Amortization	<u>(254,796)</u>	38,361,729
<p>The School District's proportion of the collective net pension liability is not reported in the funds.</p>		
TRS Net Pension Liability - Proportionate Share	\$ (908,968)	
ERS Net Pension Liability - Proportionate Share	<u>(1,793,597)</u>	(2,702,565)
<p>Deferred outflows of resources, including deferred charges on defeased debt, pensions, and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions, and other postemployment benefits represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.</p>		
Deferred Charges on Defeased Debt	\$ 8,117	
Other Postemployment Benefits Deferred Outflows of Resources	7,219,182	
Other Postemployment Benefits Deferred Inflows of Resources	(22,028,918)	
TRS Deferred Inflows of Resources - Pension	(463,586)	
ERS Deferred Inflows of Resources - Pension	(80,518)	
TRS Deferred Outflows of Resources - Pension	4,855,966	
ERS Deferred Outflows of Resources - Pension	<u>1,337,753</u>	(9,152,004)
<p>Long-term bonds payable and lease liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds Payable	\$ (9,580,000)	
Lease Liabilities	(10,862)	
Unamortized Bond Premium	<u>(1,685,928)</u>	(11,276,790)
<p>Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.</p>		
Compensated Absences	\$ (1,012,750)	
Other Postemployment Benefits Liability	(51,100,339)	
Accrued Interest on Long-Term Debt	<u>(53,684)</u>	<u>(52,166,773)</u>
Net (Deficit) of Governmental Activities		<u><u>\$ (27,086,451)</u></u>

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
REVENUES				
Real Property Taxes	\$ 6,849,159	\$ -	\$ -	\$ 6,849,159
Other Tax Items	1,299,164	-	-	1,299,164
Charges for Services	8,033	-	-	8,033
Use of Money and Property	223,977	-	13,003	236,980
Sale of Property and Compensation for Loss	1,395	-	-	1,395
Miscellaneous	369,027	-	55,631	424,658
State Sources	17,149,563	-	392,331	17,541,894
Medicaid Reimbursement	40,717	-	-	40,717
Federal Sources	-	-	2,803,460	2,803,460
Sales - School Lunch	-	-	146,933	146,933
Total Revenues	25,941,035	-	3,411,358	29,352,393
EXPENDITURES				
General Support	3,153,383	-	339,059	3,492,442
Instruction	11,895,081	-	2,233,412	14,128,493
Pupil Transportation	1,247,088	-	21,588	1,268,676
Employee Benefits	7,222,752	-	463,087	7,685,839
Debt Service:				
Principal	119,891	-	1,360,600	1,480,491
Interest	428	-	467,971	468,399
Cost of Sales	-	-	332,102	332,102
Capital Outlay	-	1,138,121	-	1,138,121
Total Expenditures	23,638,623	1,138,121	5,217,819	29,994,563
Excess (Deficiency) of Revenues Over Expenditures	2,302,412	(1,138,121)	(1,806,461)	(642,170)
OTHER FINANCING SOURCES AND (USES)				
BANs Redeemed from Appropriations	-	345,600	-	345,600
Premium on Obligations	-	-	10,129	10,129
Proceeds of Obligations	-	129,361	-	129,361
Operating Transfers In	-	3,579,325	1,845,060	5,424,385
Operating Transfers (Out)	(5,392,385)	-	(32,000)	(5,424,385)
Total Other Sources (Uses)	(5,392,385)	4,054,286	1,823,189	485,090
Net Change in Fund Balance	(3,089,973)	2,916,165	16,728	(157,080)
Fund Balances (Deficit) - Beginning of Year	9,967,596	(879,435)	918,871	10,007,032
Fund Balances (Deficit) - End of Year	\$ 6,877,623	\$ 2,036,730	\$ 935,599	\$ 9,849,952

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds **\$ (157,080)**

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

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

Capital Outlay	\$ 1,572,035	
Depreciation Expense	(1,853,199)	
Net Book Value of Disposed Assets	(127,592)	
Amortization Expense	<u>(97,808)</u>	(506,564)

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

Proceeds of Leases	\$ (129,361)	
Repayment of Leases	119,891	
Principal Payment - Bonds	1,015,000	
Amortization of Bond Premium	<u>137,238</u>	1,142,768

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

Compensated Absences	\$ (39,227)	
Other Postemployment Benefits Liability	<u>1,153,355</u>	1,114,128

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the change in interest payable. (33,730)

The issuance of refunding bonds results in a deferral of the difference between the old and new debt. The deferred amount is amortized annually. This is the current amortization.

Amortization of Deferred Charges on Defeased Debt (5,920)

Changes in the School District's proportionate share of net pension (asset)/liability have no effect on current financial resources and therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (364,087)	
TRS	<u>(273,810)</u>	<u>(637,897)</u>

Net Change in Net Position of Governmental Activities **\$ 915,705**

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash - Unrestricted	<u>\$ 62,544</u>
Total Assets	<u>\$ 62,544</u>
NET POSITION	
Unrestricted	<u>\$ 62,544</u>
Total Net Position	<u>\$ 62,544</u>

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	Custodial Fund
ADDITIONS	
Extraclassroom Receipts	<u>\$ 205,171</u>
Total Additions	<u>205,171</u>
DEDUCTIONS	
Extraclassroom Disbursements	<u>203,079</u>
Change in Net Position	2,092
Net Position - Beginning of Year	<u>60,452</u>
Net Position - End of Year	<u><u>\$ 62,544</u></u>

See Notes to Basic Financial Statements

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1 **Summary of Significant Accounting Policies**

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

Reporting Entity

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

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

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

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

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

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 68 Wilson Creek Road, Newark Valley, New York 13811.

Joint Venture

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share 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.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Joint Venture - Continued

The Tioga Central School District is one of 15 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share 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 (GML).

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

Separate financial statement of Broome-Tioga BOCES may be obtained by contacting the Business Office, Broome Tioga BOCES, 435 Upper Glenwood Road, Binghamton, NY 13905-1699.

Basis of Presentation - District-Wide Financial Statements

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Basis of Presentation - District-Wide Financial Statements - Continued

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Indirect expenses relate to the administration and support and pension of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Basis of Presentation - Governmental Fund Financial Statements

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

Major Funds

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

Non-Major Funds

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

The School District reports the following Fiduciary Fund:

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

Measurement Focus and Basis of Accounting

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if collected within sixty days after the end of the 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.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Cash and Investments

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

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other Funds

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

Inventories and Prepaid Items

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	20-40 Years
Building Improvements	5,000	15-20 Years
Furniture and Equipment	5,000	5-8 Years

Capital assets are depreciated using the straight line method, and amortizes its intangible assets in line with its lease liability payments.

Vested Employee Benefits - Compensated Absences

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

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

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

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Postemployment Benefits

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

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

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

Deferred Outflows and Deferred Inflows of Resources

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Leases

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

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

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

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

Unearned Revenues

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

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

Overpayments and Collections in Advance

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

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 of current financial resources. Claims and judgments, other postemployment benefit payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund's 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 School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Restricted Resources

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

Equity Classifications - District-Wide Financial Statements

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Equity Classifications - Governmental Fund Financial Statements

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

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Equity Classifications - Governmental Fund Financial Statements - Continued

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

Legally Adopted Reserves

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

- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.
- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserves only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserves and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Legally Adopted Reserves - Continued

- Retirement Contribution Reserves (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the General Fund.
- Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) - Used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these services may not in total exceed 3% of annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. This reserve is accounted for in the General Fund.
- Repair Reserve (GML §6-m) - Used to pay the cost of repairs to capital improvements or equipment, for repairs which are of a type not recurring annually. The Board of Education without voter approval may establish a Repair Reserve 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 Repair Reserve over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 4 and became lien on August 29, 2022. Taxes were collected during the period September 1, 2022 to October 31, 2022.

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Interfund Transfers

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

Use of Estimates

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

New Accounting Standard

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

- GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." The School District evaluated this pronouncement and determined there was no material impact on its financial statements.

Future Changes in Accounting Standards

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

The School District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable when material.

***Note 2* Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES income amounted to \$1,395,174. The School District was billed \$3,403,755 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York, 13905.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

The School District's aggregate bank balances of \$11,601,937, excluding investments, are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

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

Restricted for General Fund Reserves	\$ 4,866,904
Restricted for School Lunch	432,922
Restricted for Debt Service	525,763
Restricted for Capital Projects	2,036,730
Restricted for Scholarships	129,512
Subtotal	<u>7,991,831</u>
Total	<u>\$ 7,991,831</u>

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

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

At June 30, 2023, the School District did not have any investments.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 4 Due from State, Federal, and Other Governments

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

Description	Amount
BOCES September Aid	\$ 650,416
Total Due from Other Governments	\$ 650,416
Excess Cost Aid	\$ 328,743
General Aid	255,506
Federal CARES Act	245,944
Federal Aid	74,314
Universal Prekindergarten	26,835
School Lunch	45,585
Miscellaneous	11,466
Total State and Federal Aid	\$ 988,393

Note 5 Interfund Balances and Activity

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

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 465,035	\$ 58,517	\$ -	\$ 5,392,385
Capital Projects Fund	-	-	3,579,325	-
Non-Major Funds	-	406,518	1,845,060	32,000
Total	\$ 465,035	\$ 465,035	\$5,424,385	\$ 5,424,385

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

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

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 6 Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital Assets That Are Not Depreciated:				
Land	\$ 89,685	\$ -	\$ -	\$ 89,685
Construction in Progress	81,835	553,759	-	635,594
Total Nondepreciable Historical Cost	<u>171,520</u>	<u>553,759</u>	<u>-</u>	<u>725,279</u>
Capital Assets That Are Depreciated:				
Buildings	57,242,167	25,409	-	57,267,576
Furniture and Equipment	5,649,483	796,201	(542,094)	5,903,590
Total Depreciable Historical Cost	<u>62,891,650</u>	<u>821,610</u>	<u>(542,094)</u>	<u>63,171,166</u>
Intangible Lease Assets:				
Equipment	261,780	196,666	-	458,446
Total Historical Cost	<u>63,324,950</u>	<u>1,572,035</u>	<u>(542,094)</u>	<u>64,354,891</u>
(Less) Accumulated Depreciation:				
Buildings	(20,879,710)	(1,441,721)	-	(22,321,431)
Furniture and Equipment	(3,419,959)	(411,478)	414,502	(3,416,935)
Total Accumulated Depreciation	<u>(24,299,669)</u>	<u>(1,853,199)</u>	<u>414,502</u>	<u>(25,738,366)</u>
(Less) Accumulated Amortization				
Equipment	(156,988)	(97,808)	-	(254,796)
Total Historical Cost, Net	<u>\$ 38,868,293</u>	<u>\$ (378,972)</u>	<u>\$ (127,592)</u>	<u>\$ 38,361,729</u>

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

General Support	\$ 371,882
Instruction	1,093,690
Pupil Transportation	479,443
School Lunch Program	5,992
Total	<u>\$ 1,951,007</u>

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Short-Term Debt

The School District may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. There were no RANs issued or redeemed during the year.

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

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

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Renewed or Redeemed</u>	<u>Ending Balance</u>
BAN 2022 - Buses	0.28%	09/02/2022	\$ 1,043,100	\$ -	\$ (1,043,100)	\$ -
BAN 2023 - Buses	4.00%	09/01/2023	-	1,107,000	-	1,107,000
Total			<u>\$ 1,043,100</u>	<u>\$ 1,107,000</u>	<u>\$ (1,043,100)</u>	<u>\$ 1,107,000</u>

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

Interest Paid	\$ 2,921
Premium on BAN Obligations	(10,129)
(Less) Interest Accrued in the Prior Year	(2,418)
Plus Interest Accrued in the Current Year	<u>36,654</u>
Total	<u>\$ 27,028</u>

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt

At June 30, 2023, the total outstanding indebtedness of the School District represented 23.9% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows.

Serial Bonds - The School District borrows money in order to acquire land or equipment or to construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Refunding Bond	06/15/2020	06/15/2026	4.0% - 5.0%	\$ 1,470,000
DASNY Bond	06/15/2021	06/15/2046	3.0% - 4.0%	8,110,000
Total Bond Principal				9,580,000
Unamortized Premium				1,685,928
Total				\$ 11,265,928

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

Interest Paid	\$ 465,050
(Less) Interest Accrued in the Prior Year	(17,536)
(Less) Premium Recognized in the Current	(137,238)
Plus Interest Accrued in the Current Year	17,030
Plus Amortization of Deferred Charges on Defeased Debt	5,920
Total	\$ 333,226

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

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 10,595,000	\$ -	\$ (1,015,000)	\$ 9,580,000	\$ 1,065,000
Unamortized Premiums	1,823,166	-	(137,238)	1,685,928	118,272
Total	\$ 12,418,166	\$ -	\$ (1,152,238)	\$ 11,265,928	\$ 1,183,272

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt - Continued

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Deferred Charges on Defeased Debt	\$ (14,037)	\$ -	\$ (5,920)	\$ (8,117)	\$ (4,269)
Total	\$ (14,037)	\$ -	\$ (5,920)	\$ (8,117)	\$ (4,269)

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

Year	Principal	Interest	Total
2024	\$ 1,065,000	\$ 419,150	\$ 1,484,150
2025	1,110,000	375,950	1,485,950
2026	850,000	325,700	1,175,700
2027	465,000	283,200	748,200
2028	490,000	259,950	749,950
2029-2033	2,655,000	908,000	3,563,000
2034-2038	1,585,000	347,900	1,932,900
2039-2043	810,000	156,450	966,450
2044-2046	550,000	33,450	583,450
Total	\$ 9,580,000	\$ 3,109,750	\$ 12,689,750

On June 15, 2020, the School District issued \$3,510,000 in general obligation bonds, with interest rates ranging between 4.0% and 5.0%. The School District issued the bonds to advance refund the \$3,825,000 of outstanding various general obligation bonds with interest rates ranging from 2.0% to 3.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$3,825,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$1,560,000 at June 30, 2023.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 9 Compensated Absences

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

Compensated absences balance and activity are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 973,523	\$ 39,227	\$ -	\$ 1,012,750

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

Note 10 Lease Liabilities

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

At June 30, 2023, the School District reported \$432,825, offset by accumulated amortization of \$240,037, in intangible lease assets that were not included in the lease liability below.

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

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
Postage Machine-3	12/12/2022	9/12/2027	4.57%	\$ 6,989
Postage Machine-4	12/12/2022	9/12/2027	4.57%	3,873
Total				\$ 10,862

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

Year	Principal	Interest	Total
2024	\$ 2,359	\$ 456	\$ 2,815
2025	2,468	347	2,815
2026	2,583	232	2,815
2027	2,703	112	2,815
2028	749	9	758
Total	\$ 10,862	\$ 1,156	\$ 12,018

Interest paid for the current year amounted to \$428.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

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

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of 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 is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

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

Summary of Significant Accounting Policies

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Contributions

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

	ERS	TRS
2023	\$ 310,377	\$ 819,354
2022	381,396	735,129
2021	339,535	697,995

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	ERS	TRS
Actuarial Valuation Date	04/01/2022	06/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,793,597	908,968
School District's Share of the Plan's Net Pension (Asset)/Liability	0.0083641%	0.047369%

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2023, the School District recognized pension expense of \$699,250 for ERS and \$1,172,027 for TRS in the District-wide financial statements. At June 30, 2023 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 191,032	\$ 952,483	\$ 50,371	\$ 18,214
Changes of Assumptions	871,086	1,763,243	9,627	366,158
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,174,472	10,537	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	184,936	70,175	9,983	79,214
School District's Contributions Subsequent to the Measurement Date	90,699	895,593	-	-
Total	<u>\$ 1,337,753</u>	<u>\$ 4,855,966</u>	<u>\$ 80,518</u>	<u>\$ 463,586</u>

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

Year Ending	ERS	TRS
2024	\$ 297,210	\$ 683,895
2025	(44,200)	355,048
2026	400,860	(144,202)
2027	512,666	2,308,673
2028	-	287,631
Thereafter	-	5,742

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

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

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Actuarial Assumptions - Continued

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,334,354	\$ 1,793,597	\$ (329,502)

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 8,381,107	\$ 908,968	\$ (5,375,053)

Pension Plan Fiduciary Net Position

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$90,699.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,007,692.

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (549,503)	\$ 2,343,100	\$ 1,793,597
Deferred Outflows of Resources	(1,163,946)	(173,807)	(1,337,753)
Deferred Inflows of Resources	1,885,724	(1,805,206)	80,518
Subtotal	172,275	364,087	536,362
TRS			
Net Pension (Asset)/Liability	(7,958,575)	8,867,543	908,968
Deferred Outflows of Resources	(4,638,572)	(217,394)	(4,855,966)
Deferred Inflows of Resources	8,839,925	(8,376,339)	463,586
Subtotal	(3,757,222)	273,810	(3,483,412)
Total	\$ (3,584,947)	\$ 637,897	\$ (2,947,050)

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	254
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	<u>213</u>
Total	<u>467</u>

Total OPEB Liability

The School District's total OPEB liability of \$51,100,339 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 12* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

Total OPEB Liability - Continued

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

Long-Term Bond Rate	3.65%
Single Discount Rate	3.65%
Salary Scale	2.4%
Dental Trend Rate	3.0%
Marital Assumption	80.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	6.4% for 2022, decreasing to an ultimate rate of 3.8% over 55 years.

The Bond Buyer General Obligation 20-Bond Municipal Index was used to determine the long-term bond rate above.

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement.

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

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

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 55,711,174
Changes for the Year	
Service Cost	1,773,734
Interest Cost	2,004,332
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(4,780,735)
Changes in Assumptions or Other Inputs	(1,862,257)
Benefit Payments	(1,745,909)
	(4,610,835)
Balance at June 30, 2023	\$ 51,100,339

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

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 59,298,208	\$ 51,100,339	\$ 44,483,937

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 43,454,355	\$ 51,100,339	\$ 60,877,981

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$592,554.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 70,612	\$ 8,891,694
Changes in Assumptions or Other Inputs	7,148,570	13,137,224
Total	\$ 7,219,182	\$ 22,028,918

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

Fiscal Year Ending June 30,	Amount
2024	\$(3,185,512)
2025	(2,554,310)
2026	(3,378,138)
2027	(3,356,162)
2028	(1,641,574)
Thereafter	(694,040)

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 55,711,174	\$ (4,610,835)	\$ 51,100,339
Deferred Outflows of Resources	(10,002,269)	2,783,087	(7,219,182)
Deferred Inflows of Resources	21,354,525	674,393	22,028,918
Total	\$ 67,063,430	\$ (1,153,355)	\$ 65,910,075

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 13* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by Broome-Tioga-Delaware BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School Districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include eight districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Road, Binghamton, New York 13760.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$5,332,224.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Workers' Compensation

The School District incurs costs related to a workers' compensation insurance plan (Plan). The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the Broome-Tioga-Delaware BOCES administrative office at 435 Glenwood Road, Binghamton, New York 13760.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures of \$117,809.

Other Items

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 14 Fund Balance Detail

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

	General Fund	Capital Projects Fund	Non-Major Funds
Nonspendable			
Inventory	\$ -	\$ -	\$ 27,721
Total Nonspendable Fund Balance	\$ -	\$ -	\$ 27,721
Restricted			
Unemployment Insurance Reserve	\$ 221,756	\$ -	\$ -
Retirement Contribution Reserve - ERS	2,160,499	-	-
Retirement Contribution Reserve - TRS	814,154	-	-
Employee Benefit Accrued Liability Reserve	187,151	-	-
Property Loss Reserve and Liability Reserve	48,227	-	-
Repair Reserve	88,686	-	-
Capital Reserve	1,346,431	-	-
Capital	-	2,036,730	-
Scholarships	-	-	129,512
School Lunch	-	-	416,225
Debt Service	-	-	525,763
Total Restricted Fund Balance	\$ 4,866,904	\$ 2,036,730	\$ 1,071,500
Assigned			
Appropriated for Next Year's Budget	\$ 824,130	\$ -	\$ -
Encumbered for:			
General Support	52,405	-	-
Instruction	6,891	-	-
Pupil transportation	1,256	-	-
Total Assigned Fund Balance	\$ 884,682	\$ -	\$ -

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 15 Restricted Fund Balances

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2023 of the General Fund reserves were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Unemployment Insurance Reserve	\$ 213,869	\$ -	\$ 7,887	\$ -	\$ 221,756
Retirement Contribution Reserve - ERS	1,736,468	360,000	64,031	-	2,160,499
Retirement Contribution Reserve - TRS	623,337	167,832	22,985	-	814,154
Employee Benefit Accrued Liability Reserve	307,756	-	11,349	(131,954)	187,151
Property Loss and Liability Reserve	46,512	-	1,715	-	48,227
Repair Reserve	85,532	-	3,154	-	88,686
Capital Reserve	4,772,237	-	79,519	(3,505,325)	1,346,431
Total	<u>\$ 7,785,711</u>	<u>\$ 527,832</u>	<u>\$ 190,640</u>	<u>\$ (3,637,279)</u>	<u>\$ 4,866,904</u>

Note 16 Tax Abatements

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

TCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$27,250, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling \$3,000.

Note 17 Stewardship, Compliance and Accountability

Deficit Fund Balance

The Special Aid Fund has a deficit fund balance of \$163,622 at year end. This deficit will be eliminated as related revenues are recognized based on their recognition criteria.

Deficit Net Position

At June 30, 2022, the District-wide Statement of Net Position had an unrestricted deficit net position of \$60,706,972. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 12). The deficit is not expected to be eliminated during the normal course of operations.

Note 18 Subsequent Event

On August 31, 2023, the School District issued bond anticipation notes totaling \$1,173,825 at an interest rate of 4.75% for the purchase of school buses.

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real Property Taxes	\$ 8,130,470	\$ 6,855,488	\$ 6,849,159	\$ (6,329)
Other Tax Items	18,000	1,292,982	1,299,164	6,182
Charges for Services	10,000	10,000	8,033	(1,967)
Use of Money and Property	3,600	3,600	223,977	220,377
Sale of Property and Compensation for Loss	-	-	1,395	1,395
Miscellaneous	248,000	252,201	369,027	116,826
Total Local Sources	<u>8,410,070</u>	<u>8,414,271</u>	<u>8,750,755</u>	<u>336,484</u>
State Sources	17,129,121	17,129,121	17,149,563	20,442
Medicaid Reimbursement	18,000	18,000	40,717	22,717
Total Revenues	<u>25,557,191</u>	<u>25,561,392</u>	<u>\$ 25,941,035</u>	<u>\$ 379,643</u>
Appropriated Fund Balance	<u>1,050,000</u>	<u>1,050,000</u>		
Appropriated Reserves	<u>734,593</u>	<u>4,403,955</u>		
Designated Fund Balance				
Encumbrances Carried				
Forward from Prior Year	<u>47,283</u>	<u>47,283</u>		
Total Revenues, Appropriated Reserves and Designated Fund Balance	<u>\$ 27,389,067</u>	<u>\$ 31,062,630</u>		

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 24,935	\$ 36,055	\$ 32,787	\$ -	\$ 3,268
Central Administration	186,724	178,245	160,485	-	17,760
Finance	498,225	554,288	536,505	-	17,783
Staff	99,299	99,298	75,440	1,664	22,194
Central Services	2,366,898	2,444,197	2,099,851	50,741	293,605
Special Items	232,401	252,565	248,315	-	4,250
Total General Support	3,408,482	3,564,648	3,153,383	52,405	358,860
Instruction					
Instruction, Administration, and Improvement	848,067	896,459	852,336	-	44,123
Teaching - Regular School	6,183,985	6,460,887	6,303,719	3,095	154,073
Programs for Children With Handicapping Conditions	2,726,848	2,798,326	2,335,171	509	462,646
Occupational Education	689,967	689,967	681,339	-	8,628
Instructional Media	817,581	738,945	735,650	-	3,295
Pupil Services	1,235,864	1,110,356	986,866	3,287	120,203
Total Instruction	12,502,312	12,694,940	11,895,081	6,891	792,968
Pupil Transportation	1,535,004	1,564,154	1,247,088	1,256	315,810
Community Services	4,000	4,000	-	-	4,000
Employee Benefits	8,082,000	7,693,789	7,222,752	-	471,037
Debt Service					
Principal	-	119,891	119,891	-	-
Interest	-	428	428	-	-
Total Debt Service	-	120,319	120,319	-	-
Total Expenditures	25,531,798	25,641,850	23,638,623	60,552	1,942,675
OTHER FINANCING USES					
Operating Transfers Out	1,857,269	5,420,780	5,392,385	-	28,395
Total Expenditures and Other Financing Uses	\$ 27,389,067	\$ 31,062,630	29,031,008	\$ 60,552	\$ 1,971,070
Net Change in Fund Balance			(3,089,973)		
Fund Balance - Beginning of Year			9,967,596		
Fund Balance - End of Year			\$ 6,877,623		

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 310,377	\$ 381,396	\$ 339,535	\$ 326,308	\$ 321,352	\$ 339,262	\$ 312,243	\$ 362,042	\$ 351,600	\$ 388,754
Contributions in Relation to the Contractually Required Contribution	(310,377)	(381,396)	(339,535)	(326,308)	(321,352)	(339,262)	(312,243)	(362,042)	(351,600)	(388,754)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	2,775,986	2,319,191	2,404,000	2,273,746	2,209,809	2,259,021	2,098,732	2,094,808	2,135,931	2,159,523
Contributions as a Percentage of Covered Employee Payroll	11.2%	16.4%	14.1%	14.4%	14.5%	15.0%	14.9%	17.3%	16.5%	18.0%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 895,593	\$ 819,354	\$ 735,129	\$ 697,995	\$ 844,866	\$ 759,131	\$ 896,431	\$ 978,801	\$ 1,315,940	\$ 1,208,339
Contributions in Relation to the Contractually Required Contribution	(895,593)	(819,354)	(735,129)	(697,995)	(844,866)	(759,131)	(896,431)	(978,801)	(1,315,940)	(1,208,339)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	8,695,078	8,360,755	7,713,841	7,878,047	7,955,424	8,007,367	8,464,332	8,049,535	7,856,593	7,851,301
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.8%	9.5%	8.9%	10.6%	9.5%	10.6%	12.2%	16.7%	15.4%

** Information unavailable*

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0083641%	0.006722%	0.006865%	0.006664%	0.006811%	0.007027%	0.006656%	0.007243%	0.007464%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,793,597	\$ (549,503)	\$ 6,836	\$ 1,764,703	\$ 482,570	\$ 226,793	\$ 625,435	\$ 1,192,122	\$ 252,141
School District's Covered Payroll During the Measurement Period	2,752,069	2,304,600	2,404,000	2,262,185	2,206,561	2,259,021	2,098,732	2,094,808	2,135,931
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	65.2%	23.8%	0.3%	78.0%	21.9%	10.0%	29.8%	56.9%	11.8%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
The Following is a Summary of Changes of Assumptions:									
Inflation	2.90%	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	4.40%	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%
Cost of Living Adjustments	1.50%	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment Rate of Return	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Discount Rate	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' Mortality Scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension (Asset)/Liability	0.047369%	0.045926%	0.046915%	0.047488%	0.04813%	0.04802%	0.04827%	0.04989%	0.04951%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 908,968	\$(7,958,575)	\$ 1,296,377	\$(1,233,740)	\$ (870,321)	\$ (364,972)	\$ 516,943	\$(5,182,236)	\$(5,334,614)
School District's Covered Payroll During the Measurement Period	8,360,755	7,713,841	7,848,047	7,955,424	8,007,367	8,464,332	8,049,535	7,856,593	7,851,301
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	10.9%	103.2%	16.5%	15.5%	10.9%	4.3%	6.4%	66.0%	67.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
The Following is a Summary of Changes of Assumptions:									
Inflation	2.40%	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	3.00%
Salary Increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%	1.63%
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service Cost	\$ 1,773,734	\$ 2,614,552	\$ 2,305,300	\$ 1,871,921	\$ 2,271,006	\$ 2,032,830	\$ *	\$ *	\$ *	\$ *
Interest Cost	2,004,332	1,487,363	1,507,011	1,919,152	1,918,615	1,841,032	*	*	*	*
Differences Between Expected and Actual Experience	(4,780,735)	-	(7,689,944)	-	(1,971,798)	423,658	*	*	*	*
Changes in Assumptions or Other Inputs										
Benefit Payments	(1,862,257)	(13,651,704)	6,173,957	10,976,821	(9,219,726)	-	*	*	*	*
Benefit Payments	(1,745,909)	(1,957,366)	(1,916,070)	(1,766,434)	(1,676,210)	(2,218,949)	*	*	*	*
	(4,610,835)	(11,507,155)	380,254	13,001,460	(8,678,113)	2,078,571	*	*	*	*
Total OPEB Liability - Beginning of Year	<u>55,711,174</u>	<u>67,218,329</u>	66,838,075	53,836,615	62,514,728	60,436,157	*	*	*	*
Total OPEB Liability - End of Year	<u>\$ 51,100,339</u>	<u>\$ 55,711,174</u>	<u>\$ 67,218,329</u>	<u>\$ 66,838,075</u>	<u>\$ 53,836,615</u>	<u>\$ 62,514,728</u>	<u>\$ 60,436,157</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 10,734,959	\$ 9,891,342	\$ 9,891,342	\$ 9,764,633	\$ 9,764,633	\$ 10,229,559	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	476.0%	563.2%	679.6%	684.5%	551.3%	611.1%	*	*	*	*
The Following is a Summary of Changes of Assumptions:										
Healthcare Cost Trend Rates	6.4% to 3.8%	5.3% - 4.1%	5.3% - 4.1%	6.1% - 4.1%	6.1% - 4.1%	7.5% - 4.5%	*	*	*	*
Salary Increases	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%	*	*	*	*
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2019	MP-2019	MP-2018	MP-2018	MP-2016	*	*	*	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable.

See Notes to Required Supplementary Information

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

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

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

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

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

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

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

NYSLRS

Changes in Benefit Terms

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

NYSTRS

Changes in Benefit Terms

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 27,341,784
Prior Year's Encumbrances	47,283
Original Budget	27,389,067
Appropriated Capital Reserve	3,547,325
Appropriated Benefits Reserve	122,037
Gifts and Donations	4,201
Total Additions	3,673,563
Final Budget	\$ 31,062,630

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u>\$ 28,751,314</u>	
Maximum Allowed (4% of the 2023-2024 Budget)		\$ 1,150,053
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 884,682	
Unassigned Fund Balance	1,126,037	
Total Unrestricted Fund Balance	2,010,719	
(Less):		
Appropriated Fund Balance	\$ 824,130	
Encumbrances Included in Assigned Fund Balance	60,552	
Total Adjustments	884,682	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		\$ 1,126,037
Actual Percentage		3.92%

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2023	
			Prior Years	Current Year	Transfers	Total		Proceeds of Obligations	State Aid	Local Sources		Total
2022-2023 Buses	\$ 455,000	\$ 455,000	\$ -	\$ 455,000	\$ -	\$ 455,000	\$ -	\$ 63,900	\$ -	\$ 392,925	\$ 456,825	\$ 1,825 *
2021-2022 Buses	380,000	428,183	428,183	-	-	428,183	-	-	-	428,183	428,183	-
District-Wide												
7999-001	180,201	180,201	49,435	-	-	49,435	130,766	46,380	-	3,055	49,435	-
23 Cap Pro.												
T9999-999	872,518	872,518	39,455	-	-	39,455	833,063	-	-	45,500	45,500	6,045 *
ARP #1 HS												
0007-021	100,000	100,000	42,380	77,620	-	120,000	(20,000)	-	-	120,000	120,000	-
ARP #2 NTN												
0002-017	100,000	112,000	-	112,000	-	112,000	-	-	-	112,000	112,000	-
District-Wide												
0002-018	2,137,000	2,157,000	-	147,120	-	147,120	2,009,880	-	-	3,000,000	3,000,000	2,852,880 *
District-Wide												
0002-019	3,000,000	3,000,000	-	217,020	-	217,020	2,782,980	-	-	500,000	500,000	282,980 *
100K Project												
0003-020	100,000	96,234	100,000	-	-	100,000	(3,766)	-	-	100,000	100,000	-
Unredeemed BANs	-	-	-	-	-	-	-	(1,107,000)	-	-	(1,107,000)	(1,107,000)
GASB 87 Leases	-	129,361	-	129,361	-	129,361	-	129,361	-	-	129,361	-
Total	\$ 7,324,719	\$ 7,530,497	\$ 659,453	\$ 1,138,121	\$ -	\$ 1,797,574	\$ 5,732,923	\$ (867,359)	\$ -	\$ 4,701,663	\$ 3,834,304	\$ 2,036,730

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

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023

Capital Assets, Net	<u>\$ 38,361,729</u>
Add:	
Deferred Charges on Defeased Debt	<u>8,117</u>
(Deduct):	
Bond Anticipation Notes	<u>(1,107,000)</u>
Payables for Capital Projects	<u>(340,669)</u>
Unamortized Premium on Bonds Payable	<u>(1,685,928)</u>
Short-Term Portion of Bonds Payable	<u>(1,065,000)</u>
Long-Term Portion of Bonds Payable	<u>(8,515,000)</u>
Lease Liability	<u>(10,862)</u>
Net Investment in Capital Assets	<u><u>\$ 25,645,387</u></u>

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
ASSETS					
Cash - Unrestricted	\$ 34,222	\$ -	\$ -	\$ -	\$ 34,222
Cash - Restricted	-	432,922	129,512	525,763	1,088,197
State and Federal Aid	358,559	45,585	-	-	404,144
Other	-	389	-	-	389
Inventories	-	27,721	-	-	27,721
Total Assets	\$ 392,781	\$ 506,617	\$ 129,512	\$ 525,763	\$ 1,554,673
LIABILITIES					
Accounts Payable	\$ 8,121	\$ 875	\$ -	\$ -	\$ 8,996
Accrued Liabilities	3,672	8,679	-	-	12,351
Due to Other Funds	359,956	46,562	-	-	406,518
Due to Other Governments	-	213	-	-	213
Unearned Revenue	184,654	6,342	-	-	190,996
Total Liabilities	556,403	62,671	-	-	619,074
FUND BALANCES					
Nonspendable	-	27,721	-	-	27,721
Restricted	-	416,225	129,512	525,763	1,071,500
Assigned	-	-	-	-	-
Unassigned	(163,622)	-	-	-	(163,622)
Total Fund Balances (Deficit)	(163,622)	443,946	129,512	525,763	935,599
Total Liabilities and Fund Balances	\$ 392,781	\$ 506,617	\$ 129,512	\$ 525,763	\$ 1,554,673

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
REVENUES					
Use of Money and Property	\$ -	\$ 2,400	\$ 641	\$ 9,962	\$ 13,003
Miscellaneous	20,645	11,801	23,185	-	55,631
State Sources	293,218	99,113	-	-	392,331
Federal Sources	2,202,287	601,173	-	-	2,803,460
Sales - School Lunch	-	146,933	-	-	146,933
Total Revenues	2,516,150	861,420	23,826	9,962	3,411,358
EXPENDITURES					
General Support	339,059	-	-	-	339,059
Instruction	1,806,890	399,820	26,702	-	2,233,412
Pupil Transportation	21,588	-	-	-	21,588
Employee Benefits	334,218	128,869	-	-	463,087
Debt Service:					
Principal	-	-	-	1,360,600	1,360,600
Interest	-	-	-	467,971	467,971
Cost of Sales	-	332,102	-	-	332,102
Total Expenditures	2,501,755	860,791	26,702	1,828,571	5,217,819
Excess (Deficiency) of Revenues Over Expenditures	14,395	629	(2,876)	(1,818,609)	(1,806,461)
OTHER FINANCING SOURCES AND (USES)					
Premium on Obligations	-	-	-	10,129	10,129
Operating Transfers In	11,605	16,186	-	1,817,269	1,845,060
Operating Transfers (Out)	(32,000)	-	-	-	(32,000)
Total Other Sources (Uses)	(20,395)	16,186	-	1,827,398	1,823,189
Net Change in Fund Balance	(6,000)	16,815	(2,876)	8,789	16,728
Fund Balances (Deficit) - Beginning of Year	(157,622)	427,131	132,388	516,974	918,871
Fund Balances (Deficit) - End of Year	\$ (163,622)	\$ 443,946	\$ 129,512	\$ 525,763	\$ 935,599

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

Board of Education
Newark Valley
Central School District
Newark Valley, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newark Valley Central School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 10, 2023

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

Board of Education
Newark Valley
Central School District
Newark Valley, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 10, 2023

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

Federal Grantor/Pass - Through Grantor Program Title	Federal ALN #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021233340	\$ -	\$ 269,330
Special Education Cluster:				
Special Education - Grants to States	84.027	0032230975	-	330,700
Special Education - Preschool Grants	84.173	0033230975	-	12,835
Total Special Education Cluster		Subtotal	-	343,535
Supporting Effective Instruction State Grants	84.367	0147223340	-	36,055
Education Stabilization Fund:				
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5891213340	-	395,485
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5880213340	-	411,112
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5882213340	-	63,618
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5883213340	-	86,236
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5884213340	-	576,699
Total Education Stabilization Fund			-	1,533,150
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204233340	-	20,217
Total U.S. Department of Education			-	2,202,287
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)	-	362,924
School Breakfast Program	10.553	(1)	-	198,097
Total Child Nutrition Cluster			-	561,021
Direct Program:				
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A	-	1,884
(COVID-19) Pandemic EBT Administrative Costs	10.649	N/A	-	38,268
Total U.S. Department of Agriculture			-	601,173
Total Expenditures of Federal Awards			\$ -	\$ 2,803,460

(1) - Unable to Determine

See Notes to Schedule of Expenditures of Federal Awards

NEWARK VALLEY CENTRAL SCHOOL DISTRICT

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

Note 1 **Basis of Presentation**

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

Note 2 **Basis of Accounting**

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

Note 3 **Indirect Costs**

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

Note 4 **Matching Costs**

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

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program.". During the year ended June 30, 2023, the School District received \$53,051 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

