

**AVERILL PARK CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2022**

AVERILL PARK CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Averill Park Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2021/2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 on pages A1- A10, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of district contributions on page C5 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Averill Park Central School District's basic financial statements. The supplemental information on pages D1 - D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page F4 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. These supplemental schedules and the schedule of expenditures of federal awards are 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and 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 21, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY

October 21, 2022

AVERILL PARK CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2022

The following discussion and analysis of the Averill Park Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2022. This discussion and analysis are intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

Ongoing Financial Conditions:

- The District developed the 2022-23 budget understanding the potential for a funding cliff created by stimulus funding ending in 2023 and 2024. Additional costs due to inflation, supply chain issues and increasing fuel costs were also factored into the budget.
- The District was allocated Federal funding through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan (ARP) to assist with addressing COVID-19 environment operating costs and direct educational program costs. CRRSA funding totaled \$2,640,513 and ARP funding totaled \$2,165,078. The District has developed plans to utilize these Federal programs over the multiple-year period provided for in each program's guidelines. These funds will generally be used to develop an appropriate learning environment compliant with State and Federal COVID-19 operating guidelines, to implement programs facilitating learning loss recovery and to provide social and emotional supports to students adversely impacted by the pandemic.
- The District has specifically designed the CRRSA and ARP spending plans to provide these important programs over several years with careful consideration given to avoiding funding cliffs and the associated program reductions.
- The District commenced an emergency capital project involving repairs, upgrades, and renovations to its existing facilities at the Algonquin Middle School to install a water filtration system to mitigate existing PFOA contaminants exceeding State thresholds identified through newly instituted testing requirements. The District estimates the cost of this project will be about \$150,000. Funding for this project in the amount of \$150,000 was allocated for in the District's Property Loss reserve in June 2021. The District received a preliminary approval for a Water Infrastructure Improvement Grant from the Environmental Facilities Corporation for \$90,000 to help offset the cost of the project. The project is projected to be completed in Fall 2022.
- The District also incurred significant damage to the Averill Park High School and the Algonquin Middle School due to water intrusion from heavy storms on July 14, 2021, resulting in a county-wide state-of-emergency declaration. The repairs due to the flood were complete and cost the district \$2.236 million. The project was funded by \$1.078 million in insurance proceeds and the remaining \$1.158 million was paid from District reserves.
- The District established and funded an Insurance Reserve for \$350,000 to protect against property loss and liability claims that are incurred and not covered by insurance.

GASB 87 Implementation:

Government Accounting Standards Board, Statement 87, Leases (GASB 87) is effective for the 2021-22 fiscal year. The objective of GASB 87 is to increase the usefulness of government financial statements by standardizing how certain lease assets and liabilities are recognized.

The District leases computer equipment and printers from the Questar III BOCES. These leases were recorded as Lease Asset and as a Lease Liability.

The District also leases the George Washington Elementary School to Questar III BOCES and space at Miller Hill Sand Lake Elementary School to Greenbush Child Care. The leases were recorded as Lease Receivable and a Deferred Inflow of Resources.

GASB 96 Implementation:

Statement 96, Subscription-Based Information Technology Arrangements (GASB 96) is effective for the 2022-23 fiscal year, but was implemented early in 2021-22 as permitted.

The District reviewed our current agreements and did not find any reportable subscriptions for the year ending June 30, 2022.

Results of Operations:

- The District's 2021-22 actual revenues were \$647,052 more than budgeted. Revenue accounts generating a deficit were BOCES aid, which was \$212,151 under budget.
- Revenue accounts generating this positive variance included an additional \$376,712 that exceeded budget for various tuition & fees charged to other districts for services provided to their students in our District. New York State reimbursements for Medicaid eligible services provided to students, the education of students temporarily displaced from their district of residence, and services provided to students in State residential facilities located in the District generated a positive revenue variance of \$187,653.
- These positive revenue variances were offset by the deferment of a planned \$500,000 transfer from the Retirement Systems Reserve to the General Fund.
- The 2021-22 expenditure budget was approved for \$61,456,847, carryover encumbrances totaled \$313,334 and the Board of Education approved additional budgetary expenditures of \$1,373,950 bringing the total adjusted budget to \$63,144,131.
- District expenditures and encumbrances for the 2021-22 fiscal year concluded with a positive variance from budget of \$1,781,603 or about 2.82% of the revised \$63,144,131 budget.
- While the District experienced an overall positive expense budget variance, the variance was lessened by certain costs. These costs included increased fuel, substitute and legal costs.
- The District has continued its efforts to maintain an appropriate unassigned fund balance level in order to strengthen its financial position for the future, as well as to provide for emergency funding in the event of unanticipated expenditures. The District's General Fund unassigned fund balance as of June 30, 2022 was \$2,554,933, an increase of \$741,720 from the June 30, 2021 unassigned fund balance. The June 30, 2022 fund balance is 4.00% of the 2022-23 General Fund budget.
- The District established an Insurance Reserve with an initial funding amount of \$350,000 and increased the Teachers' Retirement System Reserve by \$56,307.

- The District issued a 5-year \$834,474 statutory installment bond at 1.25% to finance the purchase of nine school buses and one pickup/plow truck.
- The District issued a 1-year \$6,550,000 bond anticipation note at 1.97% to finance Phase 1 of the capital project that was approved in October 2021.
- The District's liability for compensated absences using the "Vesting Method" of accounting, decreased by \$47,762 to \$1,888,216 as of June 30, 2022. The Board was previously funding a reserve equal to 100% of the compensated absences liability. As of July 1, 2020, the Board has determined that no more than 50% of this reserve will be funded, as there is a more than remote likelihood that 100% of this liability will ever become due at a single point in time.
- In 2011, the State Legislature and Governor enacted legislation applicable beginning with the 2012-13 school year, establishing a cap on the amount that a school district property tax levy can increase each year. Under this law, the growth in school tax levy will be capped a 2% or the rate of inflation, whichever is less, with some exceptions that allow the tax levy increase to exceed a 2%, but still to be considered within the tax levy cap for voting purposes. A school district tax levy that is within the cap threshold requires only a simple majority vote for approval. However, to raise taxes above the tax levy cap, requires a super majority (60% plus one yes votes) to approve the tax levy increase.
- In May 2022, the Board of Education's 2022-23 proposed budget of \$63,873,347 was approved by a 65% positive margin. The 2022-23 budget represented an increase of \$2,416,500, or 3.93% from 2021-22 budget.
- For 2022-23 the tax levy inflation factor for school districts is 2.00% and the District's overall tax levy cap is 2.95%. In August 2022, the Board approved the 2022-23 tax levy of \$33,756,381 which was at the allowable levy limit increase of \$965,719.

Overview of the Financial Statements

The District's annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and the single audit section. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
 - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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 District's budget for the year.

District-wide Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages B1 and B2 of this report.

Fund Financial Statements

A *fund* is a group of related account that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: government funds and fiduciary funds.

- *Governmental funds*: Most of the 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The 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 District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$103 million at the close of the most recent fiscal year.

Net Assets (in thousands of dollars)

	<i>Fiscal Year <u>2022</u></i>	<i>Fiscal Year <u>2021</u></i>
<i><u>Governmental Activities</u></i>		
Current and other assets	\$ 20,379	\$ 14,200
Capital assets	49,789	50,001
Lease Receivable	1,468	0
Lease Asset	590	0
Net Pension Assets	<u>25,420</u>	<u>0</u>
Total assets	\$ <u>97,646</u>	\$ <u>64,201</u>
<i>Deferred Outflows of Resources</i>		
Loss on Refunding	70	150
Pensions & OPEB	<u>42,285</u>	<u>50,396</u>
Total Deferred Outflows	42,355	50,546
Total Assets & Deferred Outflows	<u>140,001</u>	<u>114,747</u>
Current Liabilities	\$ 10,745	\$ 7,460
Long-term liabilities	<u>150,661</u>	<u>183,293</u>
Total liabilities	\$ 161,406	\$ 190,753
<i>Deferred Inflows of Resources</i>		
Lease	1,459	0
Pensions & OPEB	\$ <u>80,128</u>	\$ <u>33,536</u>
Total Deferred Inflows	\$ 81,587	\$ 33,536
<i>Net position</i>		
Invested in capital assets, net of related debt	\$ 36,037	\$ 33,686
Restricted	6,151	7,150
Unrestricted	<u>(145,180)</u>	<u>(150,378)</u>
Total Net Position (Deficit)	\$ <u>(102,992)</u>	\$ <u>(109,542)</u>

Net Position increased by \$6,440,494. Total assets and deferred outflows of resources increased by \$25,254,843, total liabilities and deferred outflows of resources decreased \$18,704,542.

The increase in Net Position is substantially due to an increase of \$25,420,123 in Net Pension Asset and Restricted Cash of \$5,419,872 due to borrowed funds for the Capital Project that was approved in October 2021.

The primary factor impacting the change in Liabilities was a decrease in Other Post-Employment Benefits (OPEB) Payable by \$29,850,722 and an increase of \$48,051,113 in Deferred Inflows of Resources. An increase of \$23,991,522 in Pensions and \$22,600,539 in Other Post-Employment Benefits (OPEB) were the primary elements of the overall increase in Deferred Inflows of Resources.

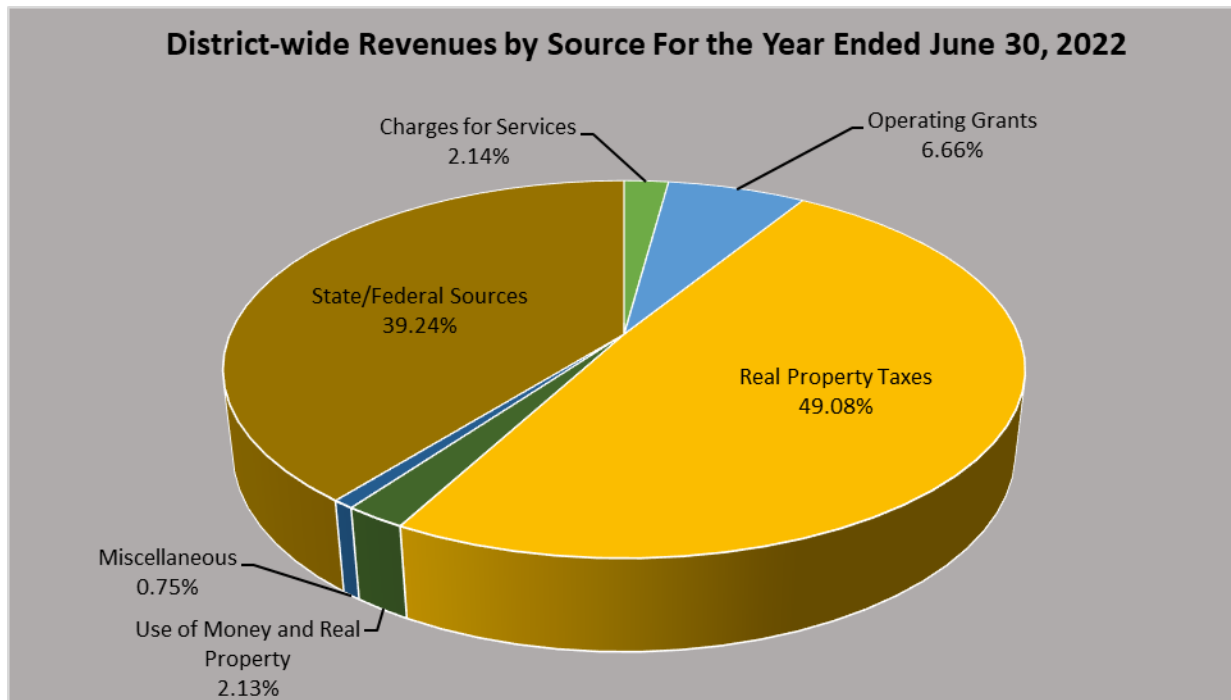
The District has reserved funds from unrestricted funds for the following purposes:

- *Appropriated fund balance* of \$780,000. The District has designated this portion for the subsequent year to reduce the tax levy.
- *Reserve for encumbrances* of \$223,558. Net assets within the General fund are reserved to pay for commitments at June 30 that will be reappropriated during the subsequent fiscal year.
- *Retirement System Reserve* of \$3,081,008. The District has reserved funds to pay for future Employees Retirement System cost.
- *Retirement System Reserve TRS Sub-Fund* of \$523,677. The District has reserved funds to pay for future Teachers' Retirement system cost.
- *Workers' Compensation Reserve* of \$715,114. The District has reserved funds to pay for future self-funded workers' compensation cost.
- *Reserve for Debt* of \$58. The District will use these funds to pay down debt.
- *Reserve for Employee Benefit Accrued Liability* of \$1,182,609. The District will use these funds to pay accrued employee benefits due upon an employee's separation from service.
- *Reserve for Property Loss* of \$145,048. The District will use these funds to pay expenses that are not covered under the Water Infrastructure Improvement Grant from the state for the PFOA remediation at the Algonquin Middle School.
- *Reserve for Tax Certiorari* of \$41,004. The District will use these funds to pay claims related to an ongoing tax certiorari proceeding.
- *Reserve for Insurance* of \$350,000. The District has reserved these funds to pay for future property loss or liability claims that are not covered by insurance.

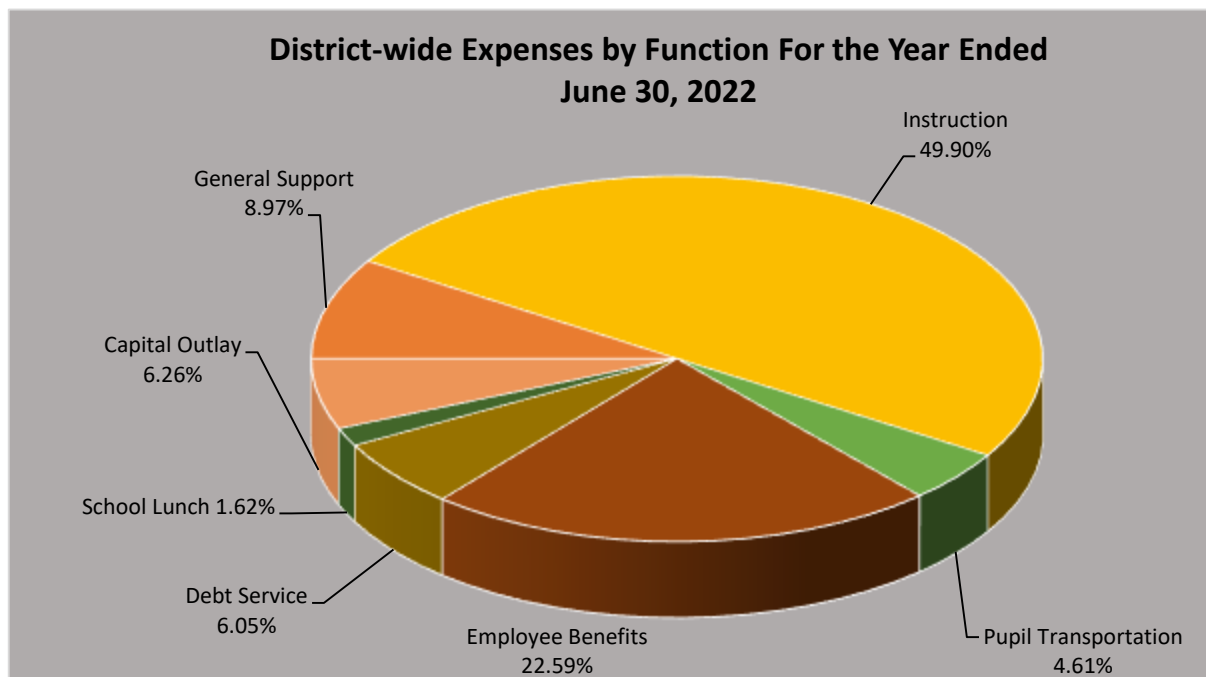
Statement of Activities (in thousands of dollars)

	<i>Fiscal Year <u>2022</u></i>	<i>Fiscal Year <u>2021</u></i>
<i>Revenues</i>		
<i>Program revenues</i>		
Charges for services	\$ 1,433	\$ 1,167
Operating & Capital Grants	<u>4,852</u>	<u>2,485</u>
Total Program Revenues	<u>6,285</u>	<u>3,652</u>
<i>General revenues</i>		
Property taxes	32,833	32,471
State aid	25,578	25,053
Other	<u>2,196</u>	<u>1,393</u>
Total General Revenues	<u>60,607</u>	<u>58,917</u>
Total Revenues	\$ <u>66,685</u>	\$ <u>62,569</u>
<i>Expenses</i>		
General support	\$ 6,065	\$ 6,663
Instruction	37,534	34,999
Transportation	4,210	3,394
Employee benefits	11,114	23,299
Debt service – interest	422	481
Cost of sales – Food	<u>1,106</u>	<u>363</u>
Total Expenses	\$ <u>60,451</u>	\$ <u>69,199</u>
Increase (Decrease) in net position	\$ 6,440	\$ (6,629)
Cumulative effect of change in accounting principle	<u>110</u>	<u>109</u>
Total change in net position	\$ <u>6,550</u>	\$ <u>(6,520)</u>

Sources of Revenues for Fiscal Year 2022



Expenses for Fiscal Year 2022



Financial Analysis of The District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash and investments totaled \$16,676,902 comprising 17.08% of total district assets. \$6,038,460 of the cash balance is held to fund reserves established by the District, another \$108,429 of this cash balance is restricted for Extraclassroom activities with the remaining balance available to pay current liabilities.

General Fund Budgetary Highlights

For the year, final revenues were \$147,052 more than revised budgetary estimates, a 0.24% positive variance and expenditures and encumbrances were under revised budgetary estimates by \$1,781,603, a 2.82% positive variance.

The District's unassigned fund balance of \$2,554,933 as of June 30, 2022 was 4.00% of the \$63,873,347 2022-23 budget, an increase of \$741,720 from the June 30, 2021 unassigned fund balance of \$1,813,213.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the District had invested \$49,789,455, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was \$4,474,831. Construction in progress includes a \$832,084 Smart Schools Bond Act project in 2017-18 to enhance safety and security which received NYS Education Department approval in 2019-20, \$833,187 for the first phase of the district-wide capital project that was approved in October 2021 and \$147,179 for an emergency project to install a water filtration system due to elevated PFOA levels at Algonquin Middle School.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2022 and 2021:

	<u>6/30/22</u>	<u>6/30/21</u>
Land	\$ 90	\$ 90
Construction in progress	1,813	915
Buildings	42,779	44,768
Furniture and equipment	2,243	1,370
Land/site improvements	129	145
Licensed vehicles	<u>2,735</u>	<u>2,713</u>
Total Capital Assets, Net of Depreciation	<u>\$49,789</u>	<u>\$50,001</u>

Long-Term Debt

At June 30, 2022, the District had \$150,591,000 in general obligation bonds and other long-term debt outstanding, decrease of 18% from the prior year. (More detailed information about the District's long-term liabilities is presented in Note 2B, II to the financial statements.)

The following summarizes long-term debt at June 30, 2022 and 2021:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Serial Bonds	\$ 10,465	\$ 12,995
Unamortized Premiums	894	1,193
Deferred amounts on refunding	(69)	(150)
Installment Purchase Debt	2,325	2,278
Other Post Employment Benefits	134,144	163,995
Compensated Absences	1,888	1,935
Workers' Compensation	515	494
Lease Liability	<u>429</u>	<u>0</u>
Total Long-Term Debt	\$ <u>150,591</u>	\$ <u>182,740</u>

Economic Factors and Next Year's Budgets and Rates

- In May 2022 the 2022-23 proposed \$63,873,347 budget was approved by the voters. The 2022-23 budget represented an increase of \$2,416,500 from the 2021-22 budget.
- The voter approved 2022-23 tax levy of \$33,756,381, is a \$965,759 increase over 2021-22, a 2.95% increase over the prior year tax levy.
- The State's adoption of a tax levy cap may impact the District's ability to raise the revenues necessary to maintain educational programs and support services.
- Enrollment is projected to decline which could negatively impact State and Federal aid.
- The District is experiencing an increase in the number of students qualifying for free & reduced price lunch.
- The District has maintained a consistent level of reliance on fund balance as a source of revenue.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, please contact:

Carrie Nyc-Chevrier
Assistant Superintendent for Business
Averill Park Central School District
146 Gettle Road, Station 1
Averill Park, New York 12018

AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets	
Cash - Unrestricted	\$ 3,966,568
Cash - Restricted	12,710,334
Accounts Receivable	166,681
State and Federal Aid Receivable	2,888,911
Due From Other Governments	637,646
Inventories	9,077
Capital Assets, net	49,789,455
Lease Receivable	1,467,818
Lease Assets, net	590,015
Net Pension Asset, Proportionate Share	25,420,123
Total Assets	97,646,628

Deferred Outflows of Resources	
Loss on Refunding	69,810
Other Post Employment Benefits	24,952,725
Pensions	17,332,278
Total Deferred Outflows of Resources	42,354,813
Total Assets and Deferred Outflows of Resources	\$ 140,001,441

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 900,341
Other Liabilities	108,429
Due to Other Governments	238,920
Bond Interest Accrued	57,200
Due to Teachers' Retirement System	2,462,253
Due to Employees' Retirement System	304,774
Refundable Advances	123,748
Bond Anticipation Notes	6,550,000
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	3,406,898
Lease Liability	174,319
Long-Term Liabilities - Due and Payable After One Year	
Bonds	9,383,068
Lease Liability	254,586
Unamortized Bond Premium	894,372
Compensated Absences	1,888,216
Workers' Compensation	515,104
Other Post Employment Benefits Payable	134,144,247
Total Liabilities	161,406,475

Deferred Inflows of Resources	
Deferred Receipts of Lease Receivable	1,459,052
Other Post Employment Benefits	47,376,950
Pensions	32,750,957
Total Deferred Inflows of Resources	81,586,959

NET POSITION

Net Investment in Capital Assets	36,037,432
Restricted	6,151,033
Unrestricted	(145,180,458)
Total Net Position	(102,991,993)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 140,001,441

**AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

		<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
					<u>Net Position</u>
FUNCTIONS/PROGRAMS					
General support	\$ 6,064,777	\$ -	\$ -	\$ -	\$ (6,064,777)
Instruction	37,533,944	1,264,997	3,117,929	-	(33,151,018)
Pupil transportation	4,209,669	-	-	-	(4,209,669)
Employee benefits	11,114,441	-	-	-	(11,114,441)
Debt service	422,497	-	-	-	(422,497)
Capital Outlay	-	-	-	(206,999)	206,999
School lunch program	1,105,943	167,577	1,526,953	-	588,587
	<u>1,105,943</u>	<u>167,577</u>	<u>1,526,953</u>	<u>-</u>	<u>588,587</u>
Total Functions and Programs	\$ <u>60,451,271</u>	\$ <u>1,432,574</u>	\$ <u>4,644,882</u>	\$ <u>(206,999)</u>	<u>(54,166,816)</u>
GENERAL REVENUES					
Real property taxes					32,833,431
Use of money and property					351,566
Sale of property and compensation for loss					1,087,059
State sources					25,578,166
Federal sources					277,653
Miscellaneous					479,435
					<u>60,607,310</u>
Total General Revenues					<u>60,607,310</u>
Change in Net Position					6,440,494
Total Net Position - Beginning of Year as Originally Reported					(109,542,294)
Cumulative Effect of Change in Accounting Principle (Note 9)					<u>109,807</u>
Total Net Position - Beginning of Year					<u>(109,432,487)</u>
Total Net Position - End of Year					\$ <u>(102,991,993)</u>

See accompanying notes to financial statements.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Capital Fund	Debt Service Fund	Total Governmental Funds
Assets							
Cash - Unrestricted	\$ 3,320,125	\$ 54,281	\$ 592,162	\$ -	\$ -	\$ -	\$ 3,966,568
Cash - Restricted	6,201,817	-	-	95,972	6,412,505	40	12,710,334
State and Federal Receivable	812,509	769,756	324,572	-	982,074	-	2,888,911
Due From Other Governments	637,646	-	-	-	-	-	637,646
Due From Other Funds	2,629,436	72,642	56,583	-	-	18	2,758,679
Other Receivable, net	166,681	-	-	-	-	-	166,681
Lease Receivable	1,467,818	-	-	-	-	-	1,467,818
Inventories	-	-	9,077	-	-	-	9,077
Total Assets	<u>\$ 15,236,032</u>	<u>\$ 896,679</u>	<u>\$ 982,394</u>	<u>\$ 95,972</u>	<u>\$ 7,394,579</u>	<u>\$ 58</u>	<u>\$ 24,605,714</u>
Liabilities							
Accounts Payable	\$ 824,232	\$ 229	\$ 2,080	\$ -	\$ 73,800	\$ -	\$ 900,341
Due to Other Funds	241,606	851,570	63,416	-	1,602,087	-	2,758,679
Due to Other Governments	238,735	-	185	-	-	-	238,920
Due to Teachers' Retirement System	2,462,253	-	-	-	-	-	2,462,253
Due to Employees' Retirement System	304,774	-	-	-	-	-	304,774
Other Liabilities	108,429	-	-	-	-	-	108,429
Refundable Advances	-	44,880	78,868	-	-	-	123,748
Bond Anticipation Notes	-	-	-	-	6,550,000	-	6,550,000
Total Liabilities	<u>4,180,029</u>	<u>896,679</u>	<u>144,549</u>	<u>-</u>	<u>8,225,887</u>	<u>-</u>	<u>13,447,144</u>
Deferred Inflows of Resources - Leases	<u>1,459,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,459,052</u>
Total Deferred Inflows of Resources	<u>1,459,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,459,052</u>
Fund Equity							
Fund Equity:							
Non-spendable	-	-	9,077	-	-	-	9,077
Restricted	6,038,460	-	16,543	95,972	-	58	6,151,033
Committed	-	-	-	-	-	-	-
Assigned	1,003,558	-	812,225	-	-	-	1,815,783
Unassigned	<u>2,554,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(831,308)</u>	<u>-</u>	<u>1,723,625</u>
Total Fund Equity	<u>9,596,951</u>	<u>-</u>	<u>837,845</u>	<u>95,972</u>	<u>(831,308)</u>	<u>58</u>	<u>9,699,518</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	<u>\$ 15,236,032</u>	<u>\$ 896,679</u>	<u>\$ 982,394</u>	<u>\$ 95,972</u>	<u>\$ 7,394,579</u>	<u>\$ 58</u>	<u>\$ 24,605,714</u>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ 9,699,518
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	49,789,455
Accrued interest expense is reported under the accrual basis	(57,200)
Net pension asset	25,420,123
Lease Asset	590,015
Lease Liability	(428,905)
Net deferred (inflows)/outflows related to other post employment benefits	(22,424,225)
Net deferred (inflows)/outflows related to net pension asset/liability adjustments	(15,418,679)
Loss on refunding	69,810
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(150,231,905)
Net Position of Governmental Activities	<u>\$ (102,991,993)</u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Capital Fund	Debt Service Fund	Total Governmental Funds
Revenues							
Real Property Taxes and Tax Items	\$ 32,833,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,833,431
Charges for Services	1,264,997	-	-	-	-	-	1,264,997
Use of Money and Property	328,403	-	-	-	-	58	328,461
Sale of Property and Compensation for Loss	16,623	-	-	-	1,077,785	-	1,094,408
Miscellaneous	479,435	-	2,087	23,105	-	-	504,627
State Sources	25,578,166	160,131	31,099	-	206,999	-	25,976,395
Federal Sources	277,653	2,957,798	1,495,854	-	-	-	4,731,305
Sales	-	-	165,490	-	-	-	165,490
Total Revenues	60,778,708	3,117,929	1,694,530	23,105	1,284,784	58	66,899,114
Expenditures							
General Support	6,124,742	-	458,849	-	-	-	6,583,591
Instruction	30,894,742	3,156,201	-	26,430	-	-	34,077,373
Pupil Transportation	3,067,531	82,475	-	-	-	-	3,150,006
Employee Benefits	15,429,045	-	119,030	-	-	-	15,548,075
Debt Service	3,949,367	-	-	-	-	-	3,949,367
Cost of Sales	-	-	528,064	-	-	-	528,064
Lease Expense	184,551	-	-	-	-	-	184,551
Capital Outlay	-	-	-	-	4,273,809	-	4,273,809
Total Expenditures	59,649,978	3,238,676	1,105,943	26,430	4,273,809	-	68,294,836
Excess (Deficiency) of Revenues Over Expenditures	<u>1,128,730</u>	<u>(120,747)</u>	<u>588,587</u>	<u>(3,325)</u>	<u>(2,989,025)</u>	<u>58</u>	<u>(1,395,722)</u>
Other Financing Sources And (Uses)							
Interfund Transfers, net	(1,400,992)	120,747	50,000	-	1,318,245	(88,000)	-
Proceeds of Bond Issuance	-	-	-	-	834,474	-	834,474
Proceeds of Leases	-	-	-	-	144,775	-	144,775
Total Other Sources (Uses)	<u>(1,400,992)</u>	<u>120,747</u>	<u>50,000</u>	<u>-</u>	<u>2,297,494</u>	<u>(88,000)</u>	<u>979,249</u>
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>(272,262)</u>	<u>-</u>	<u>638,587</u>	<u>(3,325)</u>	<u>(691,531)</u>	<u>(87,942)</u>	<u>(416,473)</u>
Fund Equity, Beginning of Year	<u>9,869,213</u>	<u>-</u>	<u>199,258</u>	<u>99,297</u>	<u>(139,777)</u>	<u>88,000</u>	<u>10,115,991</u>
Fund Equity, End of Year	\$ <u>9,596,951</u>	\$ <u>-</u>	\$ <u>837,845</u>	\$ <u>95,972</u>	\$ <u>(831,308)</u>	\$ <u>58</u>	\$ <u>9,699,518</u>

See accompanying notes to financial statements.

B4.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Net changes in fund balance - total governmental funds	\$	(416,473)
Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.		
Depreciation expense	\$ (4,474,831)	
Capital outlays (excluding retainage)	<u>4,270,370</u>	(204,461)
Outlays for the acquisition of leased assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as amortization expense in the statement of activities.		
Amortization expense	\$ (203,533)	
Lease expenditures	<u>225,535</u>	22,002
The net book value, cost less accumulated depreciation, of capital assets disposed of are removed from the statement of net position. Any gain or loss resulting is recorded in the statement of activities.		
		(7,349)
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues.		
		2,423
Proceeds of serial bond principal and premiums on bonds is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.		
		(834,474)
Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as payments of liabilities in the statement of net position.		
		3,317,233
Lease proceeds are revenue in governmental funds but increase long-term liabilities in the statement of net position.		
		(144,775)
Lease principal payments are expenditures in governmental funds but are recorded as payments of liabilities in the statement of net position		
		174,075
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Workers Compensation		(21,485)
Other Post Employment Benefits		(285,816)
Compensated Absences		47,762
Adjustments for net pension asset - ERS		805,184
Adjustments for net pension asset - TRS		3,768,959
Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities.		
		<u>217,689</u>
Change in net position - governmental activities	\$	<u><u>6,440,494</u></u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Averill Park Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity:

The Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. However, due to administrative involvement defined in footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 146 Gettle Rd, Averill Park, NY.

B. Joint Venture

The District is a component district of the Rensselaer, Columbia, and Greene 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.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

A BOCES' budget is comprised of separate budgets for administrative, programs, 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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2022, the Averill Park Central School District was billed \$4,476,640 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,416,990. Financial statements for the BOCES are available from the BOCES administrative offices.

C. Basis of Presentation

I. District-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the 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, if any, reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the particular function. 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.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fund financial statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

a. Governmental Funds

General Fund

This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund

Used to account for transactions of the District's lunch and breakfast programs whose funds are restricted as to use.

Special Revenue Fund

Used to account for revenues legally restricted to expenditures for specific purposes such as scholarships. The fund balance any residual equity in the miscellaneous special revenue fund is reported as restricted fund balance and disclosed as such in the restricted fund balance footnote.

Capital Fund

The Capital Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligations debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fund financial statements

b. Fiduciary Funds

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

There are two classes of fiduciary funds:

- a. Private purpose trust funds: These funds are used to account for trust arrangements under which principal and income benefits individuals, private organizations or other governments. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- b. Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations.

There are no activities that meet the criteria to be reported as fiduciary funds.

D. Basis of Accounting/Measurement Focus

General Information

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

The District-wide 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 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.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The 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 they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other postemployment benefits payable, pensions 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 sources.

E. Refundable Advances

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, 2021 and became a lien on August 30, 2021. Taxes were collected during the period September 1 through October 31, 2021.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Rensselaer, in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the District no later than the following April 1.

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues:

Expenses associated with educational programs	\$ 42,809
---	-----------

From Reserved Fund Balance:

Expenses associated with employee benefits	76,141
Expenses associated with property loss	<u>1,255,000</u>
Total Supplemental Appropriations	<u>\$ 1,373,950</u>

- e. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- f. Budgets are established and used for individual capital fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

II. Encumbrances

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

The District is not required to formally adopt annual budgets for its special revenue funds. Accordingly, although the school lunch fund does have a management approved budget and each special aid fund project follows an approved project budget, no statement of budget and actual revenues and expenditures is presented for the special revenue funds.

H. Cash and Investments

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit are classified as investments in these financial statements if their maturity date is 90 days past year-end. There were no investments at June 30, 2022.

I. 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 since it is believed that such allowance would not be material.

J. Inventories

Inventories of food and supplies 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 market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

A portion of the fund equity in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

K. Interfund Transfers

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Interfund Transfers

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 2.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

L. Equity Classifications

District-wide statements:

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

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

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

Unrestricted - reports the balance of net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District Fund Statements:

In the fund basis statements there are five classifications of fund equity:

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the inventory recorded in the School Lunch Fund of \$9,077.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity. The District has established the following restricted fund balances:

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Debt Service

Used to account for the advanced refunding of debt and unspent proceeds of debt restricted for debt service.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, these reserve funds must be used for the payment of accrued employee benefits due to 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.

Retirement Contribution

According to General Municipal Law §6-r, these reserve funds must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, 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 the existing General Municipal Law §6-r.

Property Loss Reserve

According to Education Law §1709[8-c]) these reserve funds are used to establish and maintain a program of reserves to cover property loss claims incurred. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. Annual contribution(s) limited to 3 percent of the annual budget or \$15,000, whichever is greater. Funds cannot be used for another purpose without voter approval except the Board of Education may use monies not required to settle pending claims, to purchase insurance policies to cover losses previously self-insured. Balances may not be reduced below amounts required to settle all pending claims.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Tax Certiorari Reserve

According to Education Law §3651[1-a]) Chapter 588 of the Laws of 1988 amended Section 3651 of the Education Law to permit the establishment of a reserve fund for tax certiorari and to expend from the fund without voter approval of the qualified voters of the school district. The new chapter further stipulates that the total of the monies held in the reserve fund shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings in accordance with Article 7 of the Real Property Tax Law. Any monies deposited to such a reserve fund which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed for this purpose.

Workers' Compensation

According to General Municipal Law §6-j, these reserve funds must be used to pay compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and to pay the expenses of administering a self-insurance workers' compensation program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year the Board may elect to transfer all or part of the excess amount to certain other reserve funds, or may apply all or part of the excess to the budget appropriation of the next succeeding fiscal year.

Insurance

This reserve was established according to General Municipal Law §6-n, and must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Restricted fund equity includes the following:

General Fund:		
Employee Benefit Accrued Liability	\$	1,182,609
Retirement Contribution - NYSERS		3,081,008
Retirement Contribution - NYSTRS		523,677
Workers' Compensation		715,114
Property Loss Reserve		145,048
Tax Certiorari Reserve		41,004
Insurance Reserve		350,000
Debt Service Fund		58
Special Revenue Fund		95,972
School Lunch Fund		
Encumbrances		<u>16,543</u>
Total restricted funds	\$	<u>6,151,033</u>

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

Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. Fund balance of the school lunch fund of \$812,225 is considered assigned. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$223,558. Appropriated fund equity in the General Fund amounted to \$780,000.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than General Fund since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Purpose of Encumbrances

General Fund	
General Support	\$ 63,262
Instruction	157,265
Other	<u>3,031</u>
Total	<u>\$ 223,558</u>

Unassigned - Includes all other General Fund net amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District did not exceed the 4% limit at June 30, 2022.

Net Position/Fund Balance

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Order of Use of Fund Equity:

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity, committed fund equity, assigned fund equity and unassigned fund equity at the end of the fiscal year. For all funds, nonspendable fund equity is determined first and then restricted fund equity for specific purposes are determined. Any remaining fund equity amounts for funds other than the General Fund are classified as restricted fund equity. In the General Fund, committed fund equity is determined next then assigned. The remaining amounts are reported as unassigned. Assignments of fund equity cannot cause a negative unassigned fund equity.

M. Postemployment Benefits

In addition to providing the retirement benefits described in Note 2.B.I, the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment benefits is shared between the District and the retired employee. See Note 4.

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes in assumptions.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Deferred Outflows and Inflows of Resources

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 District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to the OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item relates to the straight-line amortization of leases.

O. Capital Assets and Lease Assets

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar amount above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life In Years</u>
Land	\$ 1,000	N/A	N/A
Construction in Process	10,000	N/A	N/A
Buildings	10,000	SL	30-60
Site improvements	10,000	SL	10-50
Buildings and improvements	10,000	SL	20-60
Furniture and equipment	1,000	SL	5-10

Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 4 and 5 years based on the contract terms and/or estimated replacement of the assets.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), 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 and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The 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 there is an insufficient or no provision 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 District may issue Bond Anticipation Notes (BAN), 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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Q. Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

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

- a. Total Fund equity of governmental fund vs. net position of governmental activities:

Total fund equity of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital and lease assets and long-term liabilities including pensions.

- b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements*

Pension Differences

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

OPEB Differences

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

S. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, actuarial calculation of net pensions asset/liability, deferred inflows/outflows, potential contingent liabilities, and the lives of long-term assets.

T. *Vested Benefits*

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis. Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standard issued by GASB:

GASB issued Statement No. 87, Leases, effective for the year ending June 30, 2022. See Note 9.

GASB has issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement No. 92, Omnibus, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement No. 93, Replacement of Interbank Offered Rates (paragraphs 11b, 13 and 14), effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023. This standard was implemented early as permitted. See Note 9.

GASB has issued Statement No. 98 - *The Annual Comprehensive Financial Report*, effective for the year ending June 30, 2022. This standard had no impact on the District.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.

GASB has issued Statement No. 99 - *Omnibus 2022*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 100 - *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

V. Future Changes in Accounting Standards

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

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

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022, all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, overall the objective of which is to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investment will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest by the United States Treasury and the United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Restricted Cash

General Fund

Restricted cash of \$6,201,817 at June 30, 2022 consist of amounts restricted for the following purposes; Extraclassroom Activities \$108,429, Agency Activities \$54,928, Workers' Compensation Reserve \$715,114, Retirement Contribution Reserve-NYSERS \$3,081,008, Retirement Contribution Reserve-NYSTRS \$523,677, Employee Benefit Accrued Liability Reserve \$1,182,609, Property Loss Reserve \$145,048, Insurance Reserve \$350,000, and Tax Certiorari Reserve \$41,004.

Debt Service

Restricted cash of \$40 at June 30, 2022 is restricted for the repayment of debt.

Miscellaneous Special Revenue Fund

Restricted cash of \$95,972 at June 30, 2022 is restricted for payment of scholarships.

Capital Fund

Restricted cash of \$6,412,505 at June 30, 2022 is restricted for payment of expenditures related to voter approved capital projects.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

II. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund receivable and payable balances at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,629,436	\$ 241,606	\$ 88,000	\$ 1,488,992
Special Aid Fund	72,642	851,570	120,747	-
School Lunch	56,583	63,416	50,000	-
Debt Service Fund	18	-	-	88,000
Capital Funds	-	1,602,087	1,318,245	-
Total	<u>\$ 2,758,679</u>	<u>\$ 2,758,679</u>	<u>\$ 1,576,992</u>	<u>\$ 1,576,992</u>

III. Capital Assets

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Impairments/ Deletions</u>	<u>Balance June 30, 2022</u>
Government Activities				
Capital assets that are not depreciated:				
Land	\$ 90,062	\$ -	\$ -	\$ 90,062
Construction in process	915,106	897,345	-	1,812,451
Total nondepreciable historical cost	<u>1,005,168</u>	<u>897,345</u>	<u>-</u>	<u>1,902,513</u>
Capital assets that are depreciated:				
Buildings and improvements	98,743,550	1,401,841	8,853	100,136,538
Furniture and equipment	10,869,770	1,971,184	607,403	12,233,551
Total depreciable historical cost	<u>109,613,320</u>	<u>3,373,025</u>	<u>616,256</u>	<u>112,370,089</u>
Less accumulated depreciation:				
Buildings and improvements	53,829,898	3,389,598	3,267	57,216,229
Machinery and equipment	6,787,324	1,085,233	605,639	7,266,918
Total accumulated depreciation	<u>60,617,222</u>	<u>4,474,831</u>	<u>608,906</u>	<u>64,483,147</u>
Total Capital Assets, Net	<u>\$ 50,001,266</u>	<u>\$ (204,461)</u>	<u>\$ 7,350</u>	<u>\$ 49,789,455</u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

Depreciation expense of \$4,474,831 for the year ended June 30, 2022 was allocated to specific functions as follows:

General	\$ 683,310
Instruction	3,449,054
Pupil transportation	<u>342,467</u>
	<u>\$ 4,474,831</u>

B. Liabilities

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions

Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. 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 Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 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.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 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, NY 12244.

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2021-22	\$ 975,846	\$ 2,361,757
2020-21	\$ 1,155,769	\$ 2,180,504
2019-20	\$ 1,021,048	\$ 2,013,510

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total net pension asset/(liability) used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2021	June 30, 2020
Net pension asset/(liability)	\$1,848,487	\$23,571,636
District's portion of the Plan's total net pension asset/(liability)	.0226126%	.136024%

Pension Expense (Credit)

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense of \$83,604 for ERS and \$1,350,691 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 139,989	\$ 3,249,100	\$ 181,573	\$ 122,465
Changes of assumptions	3,084,918	7,753,204	52,055	1,372,978
Net difference between projected and actual earnings on pension plan investments	-	-	6,053,021	24,670,156
Changes in proportion and differences between contributions and proportionate share of contributions	255,977	182,559	19,504	279,205
Contributions subsequent to the measurement date	304,774	2,361,757	-	-
Total	<u>\$ 3,785,658</u>	<u>\$ 13,546,620</u>	<u>\$ 6,306,153</u>	<u>\$ 26,444,804</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (liability)/asset in the year ended March 31, 2023 for ERS and June 30, 2022 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized within pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2022	\$ -	\$ (3,076,092)
2023	(373,610)	(3,596,623)
2024	(609,682)	(4,499,252)
2025	(1,528,342)	(5,946,294)
2026	(313,635)	1,084,861
Thereafter	-	773,459

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.7%	2.40%
Projected Cost of Living Adjustments	1.4% annually	1.3% annually

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2022</u>	<u>2022</u>
Asset Class:		
Domestic equity	32%	3.30%
International equity	15	5.85
Private equity	10	6.50
Real Estate	9	5.00
Opportunistic ARS portfolio	3	4.10
Credit	4	3.78
Real assets	3	5.80
Fixed income	23	0.00
Cash	<u>1</u>	(1.00)
Total	<u><u>100%</u></u>	

* Real rates of return are net of the long-term inflation assumption of 2.50% for 2022.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2021</u>	<u>2021</u>
Asset Class:		
Domestic equity	33%	6.8%
International equity	16	7.6
Global equity	4	7.1
Real estate equity	11	6.5
Private equity	8	10.0
Domestic fixed income	16	1.3
Global bonds	2	0.8
High-yield bonds	1	3.8
Private debt	1	5.9
Real estate debt	7	3.3
Cash equivalents	<u>1</u>	(0.2)
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.40% for 2021.

Discount Rate

The discount rate used to calculate the total pension (liability)/asset 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 that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (liability)/asset.

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

The following presents the District's proportionate share of the net pension (liability)/asset calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the 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 (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	\$ (4,757,986)	\$ 1,848,457	\$7,374,454
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	\$ 2,473,500	\$23,571,636	\$41,303,089

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2022 is \$184,202 for ERS and \$1,384,632 for TRS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$304,774.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$2,462,253.

Other Benefits

District employees may choose to participate in the District's elective deferred compensation plans established under the Internal Revenue Code Section 403(b) and 457.

II. Indebtedness

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Interest on short-term debt was comprised of:

Interest paid	\$ -
Less interest accrued in the prior year	-
Plus interest accrued in the current year	<u>5,735</u>
Total Expense	<u>\$ 5,735</u>

The following is a summary of changes in short-term debt:

Balance July 1	\$ -
Increases	6,550,000
Decreases	<u>-</u>
Balance June 30	<u><u>\$ 6,550,000</u></u>

The above BAN matures June 22, 2023 at an interest rate of 1.97%.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest paid	\$ 642,610
Less interest accrued in the prior year	(59,624)
Plus interest accrued in the current year	51,465
Less amortization of bond premium	(298,294)
Plus amortization of deferred expense	<u>80,605</u>
Total Expense	<u>\$ 416,762</u>

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Changes

The changes in indebtedness during the year ended June 30, 2022 are summarized as follows:

	As Restated Balance July 1	Additions	Deletions	Balance June 30
Serial Bonds	\$ 12,995,000	\$ -	\$ 2,530,000	\$ 10,465,000
Unamortized Premiums	1,192,666	-	298,294	894,372
Less: Unamortized Loss Refunding*	<u>(150,415)</u>	<u>-</u>	<u>(80,605)</u>	<u>(69,810)</u>
Total Bonds	14,037,251	-	2,747,689	11,289,562
Statutory Bonds	2,277,725	834,474	787,233	2,324,966
Compensated Absences	1,935,978	28,379	76,141	1,888,216
Workers Compensation	493,619	21,485	-	515,104
Other Postemployment Benefits (see Note 4)	163,994,969	8,904,386	38,755,108	134,144,247
Lease Liability (See Note 7)	<u>458,206</u>	<u>144,775</u>	<u>174,076</u>	<u>428,905</u>
Total	<u>\$ 183,197,748</u>	<u>\$ 9,933,499</u>	<u>\$ 42,540,247</u>	<u>\$ 150,591,000</u>

The above liabilities are liquidated by the general fund.

*This item is recorded as a deferred outflow on the statement of net position.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$3,060,000 of bonds outstanding are considered defeased.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2022</u>
<u>Bond Anticipation Note</u>				
\$6.55 million Reconstruction	2022	2023	1.97%	<u>\$ 6,550,000</u>
<u>Serial Bonds</u>				
\$19.5 million Construction - Refunding	2005	2023	3.75%-4.125%	\$ 945,000
\$13.1 million Excel I - Refunding	2010	2024	4.875%-5.00%	2,030,000
\$10.4 million Excel II	2017	2032	2.34%	<u>7,490,000</u>
Total Serial Bonds				<u>\$ 10,465,000</u>
Installment Obligation \$798,878	2017	2022	2.27%	\$ 159,778
Installment Obligation \$720,538	2019	2023	2.89%	288,214
Installment Obligation \$809,834	2020	2024	2.11%	485,900
Installment Obligation \$695,750	2021	2025	1.19%	556,600
Installment Obligation \$834,474	2022	2027	1.25%	<u>834,474</u>
Total Statutory Bonds				<u>\$ 2,324,966</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2023	\$ 3,406,898	\$ 531,737	\$ 252,197	\$ 4,190,832
2024	2,377,118	415,662	204,192	2,996,972
2025	1,233,011	316,237	159,967	1,709,215
2026	1,106,045	270,828	90,821	1,467,694
2027	1,006,894	227,086	73,868	1,307,848
2028-2034	<u>3,660,000</u>	<u>463,750</u>	<u>113,327</u>	<u>4,237,077</u>
Total	<u>\$ 12,789,966</u>	<u>\$ 2,225,300</u>	<u>\$ 894,372</u>	<u>\$ 15,909,638</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

III. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2022, the District has exhausted 11.70% of its constitutional debt limit.

The voters have authorized the following debt which was unissued at June 30, 2022; \$28,527,000 to finance capital improvements at the District. The \$6,550,000 bond anticipation note was issued under this authorization. This bond will be issued when the capital projects are complete.

IV. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current periods and is contingent on future outcomes not expected to occur within the availability period.

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

General Information

The Averill Park Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and 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 two years.

Workers' Compensation Insurance

The District is self-insured for workers' compensation benefits on a cost-reimbursement basis. The District has contracted with Benetech, Inc. as a third-party administrator of the District's workers' compensation insurance program. Under the program, the District is responsible for paying all claims. Some qualifying claim payments made by the District are reimbursed through excess cost insurance or through various funds administered by the New York State Workers' Compensation Board. The District purchases workers' compensation insurance coverage for paid workers' compensation claims in excess of \$600,000 per individual occurrence through the Statewide Excess Insurance Purchasing Cooperative.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

Workers' Compensation Insurance

The District establishes workers compensation claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, referred to as Claim Reserve and of claims that have been incurred but not reported, referred to as IBNR. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims cost projections does not necessarily result in an exact amount. Claims cost projections are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience.

The District budgets current funds to pay for ongoing claims expense. The District has also established a Workers' Compensation Reserve with a balance of \$715,114 as of June 30, 2022 to fund future claims and as cash flow protection in the event of a significant claim occurrence. Further, the District expects to be fully reimbursed through excess cost insurance on an individual claim with a current claim reserve of \$5,646 which is included in the balance of unpaid claims as of June 30, 2022.

The following represents changes in those aggregate liabilities for the District during the past two years:

Workers' Compensation Insurance

	<u>2022</u>	<u>2021</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 493,619	\$ 715,039
Incurred claims and claim adjustment expenses	109,222	10,334
Increase (decrease) in provision for incurred events of prior years (Claim Reserve)	<u>(48,986)</u>	<u>(75,996)</u>
Total incurred claims and claim adjustment expenses	553,855	649,377
Payments made for claims during the current year	<u>(38,751)</u>	<u>(155,758)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 515,104</u>	<u>\$ 493,619</u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

Health Insurance Plan

The District entered on July 1, 2017 as a member of the Capital Area Schools Health Insurance Consortium (the "Consortium"), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2022, the District's prescription drug plan account balance maintained by the Consortium is approximately \$1.9 million. The Consortium also maintains an account balance for the District of \$369,774 to fund supplemental premium payments that may be required under the retrospective funding arrangement in place for one of the insurance contracts.

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager, Blue Shield of Northeastern New York, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of \$0. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year's claims, effectively representing reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past fiscal year and when available in future years, comparative data will also be reported:

	<u>2021-2022</u>
Claims and Administration Fees	\$ 4,432,435
Claim Payments	(4,432,435)
Estimated Incurred but not reported as of June 30	<u>-</u>
Balance at End of Year	<u><u>\$ -</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

3. COMMITMENTS AND CONTINGENCIES

B. Other Items

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

4. POSTEMPLOYMENT BENEFITS

Plan Description

The District administers a defined benefit OPEB plan and provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when they retired and their applicable agreement. Employees are required to reach age 55 and have 5 to 16 years of service to qualify for other postemployment benefits. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2022, \$3,700,240 was paid on behalf of 407 retirees.

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under. Retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

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

Inactive plan members or beneficiaries currently receiving benefit payments	407
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>361</u>
Total Plan Members	<u>768</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

4. POSTEMPLOYMENT BENEFITS

Net OPEB Liability

The District's total OPEB liability of \$134,144,247 was measured as of June 30, 2022; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability at the actuarial valuation date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60% (Based on CPI-2017 OASDI Trustee Report)
Salary increases	2.60% (including inflation)
Discount Rate	3.54% (Bond Buyer General Obligation 20-year Municipal Index)
Healthcare cost trend rates	
Pre-Medicare	5.30% scaling down to 4.10% over 55 years.
Medicare	N/A

Mortality rates were based on RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2019.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit and 20% of future spouses of retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that 80% of future retirees will be married, with male spouses assumed to be 3 years older than female spouses. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate was based on the Bond Buyer GO 20-year Municipal Bond Index.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

4. POSTEMPLOYMENT BENEFITS

Changes in the Net OPEB Liability

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

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Net OPEB Liability [a] - [b]
Balances at June 30, 2021	\$163,994,969	\$ -	\$163,994,969
Changes for the year:			
Service cost	5,287,631	-	5,287,631
Interest	3,616,755	-	3,616,755
Effect of plan changes	-	-	-
Effect of demographic gains or losses	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	(35,054,868)	-	(35,054,868)
Benefit payments	(3,700,240)	-	(3,700,240)
Administrative expense	-	-	-
Net changes	<u>(29,850,722)</u>	<u>-</u>	<u>(29,850,722)</u>
Balances, June 30, 2022	<u>\$134,144,247</u>	<u>\$ -</u>	<u>\$134,144,247</u>

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$158,367,643	\$134,144,247	\$114,909,425

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. POSTEMPLOYMENT BENEFITS

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30% decreasing to 3.10%) or 1 percentage point higher (6.30% decreasing to 5.10%) than the current healthcare cost trend rate:

	1% Decrease (4.30% Decreasing to 3.10%)	Healthcare Cost Trend Rate (5.30% Decreasing to 4.10%)	1% Increase (6.30% Decreasing to 5.10%)
Total OPEB Liability	\$111,101,116	\$134,144,247	\$164,084,384

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$3,986,056. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 485,149	\$ (12,673,589)
Changes of assumptions	<u>24,467,576</u>	<u>(34,703,361)</u>
Total	<u>\$ 24,952,725</u>	<u>\$ (47,376,950)</u>

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

Year Ending June 30,	
2023	\$ (4,918,330)
2024	(4,918,330)
2025	(4,126,039)
2026	(6,477,288)
2027	(1,984,238)
Thereafter	-

5. DEFICIT FUND BALANCE

The Capital fund had a fund deficit of \$831,308. This deficit will be removed when the District issues long-term financing.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

6. TAX ABATEMENTS

The County of Rensselaer enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. No tax abatements were entered into during June 30, 2022 that impact the District.

7. LEASE OBLIGATIONS

Lease Assets

A summary of the lease asset activity during the year ended June 30, 2022 is as follows:

	As Restated Balance July 1	Additions	Deletions	Balance June 30
Lease Assets				
Furniture and equipment	\$ 568,013	\$ 225,535	\$ -	\$ 793,548
Less accumulated amortization	<u>-</u>	<u>203,533</u>	<u>-</u>	<u>203,533</u>
Total Lease Assets, Net	<u>\$ 568,013</u>	<u>\$ 22,002</u>	<u>\$ -</u>	<u>\$ 590,015</u>

Amortization expense is allocated to instruction on the statement of activities.

Lease agreements are summarized as follows:

	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2022
Furniture and equipment	7/1/19	4 years	\$ 28,047	4.99%	\$ 76,389	\$ 52,156
Furniture and equipment	7/1/20	4 years	46,263	3.31%	130,083	88,126
Furniture and equipment	7/1/21	4 years	30,204	3.76%	114,400	84,196
Furniture and equipment	7/1/19	5 years	39,488	1.79%	115,240	77,512
Furniture and equipment	7/1/20	5 years	34,341	0.31%	136,494	102,529
Furniture and equipment	7/1/21	5 years	6,208	0.89%	30,375	<u>24,386</u>
Total Lease Agreements						<u>\$ 428,905</u>

The computer equipment and printers were leased for the District with the terms noted above. This lease is not renewable and the District will not acquire the equipment at the end of the five years.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

7. LEASE OBLIGATIONS

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 174,319	\$ 10,232
2024	178,894	5,657
2025	69,514	1,239
2026	6,178	30
2027	-	-
	<u>\$ 428,905</u>	<u>\$ 17,158</u>

Lease Receivable

The District is reporting a Lease Receivable of \$1,467,818 at June 30, 2022. For the year ended June 30, 2022, the District reported lease revenue of \$184,855 and interest revenue of \$10,544 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
George-Washington Elementary	\$ 1,453,609	\$ 180,605	\$ 10,544
GCC	14,209	4,250	-

George Washington Elementary - On July 1, 2020, the District entered into a ten-year lease agreement with the Board of Cooperative Educational Services, Rensselaer, Columbia and Green Counties for the lease of real property that is part of the District. Based on this agreement, the District is receiving monthly payments through 2030. The lease may be renewed upon a mutual written agreement.

GCC - On March 22, 2021, the District entered into a four-year lease agreement with Greenbush Child Caring, Inc. for the lease of certain premises located within Mill Hill-Sand Lake School. Based on this agreement, the District is receiving monthly payments through 2024. There are no renewal options included in this lease agreement.

8. CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. The outbreak will likely have a continued material adverse impact on the economy and cost of education. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued. In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The District was awarded two different stimulus packages known as Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA).

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. CONTINGENCY

See the schedule of expenditures of federal awards for the COVID-19 funding received by the District. All stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. The District also provided free breakfast and lunches to all students (except those who opted out) through the Federal Summer Food Service Program as well as National School Lunch and Breakfast programs.

9. CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

Changes in Accounting Principles

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of the statement changes the reporting for leases and subscription-based information technology agreements.

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The District's net position has been restated as follows:

Restatement of Net Position

Statement of Activities	
Net position beginning of year, as previously stated	\$ (109,542,294)
Lease assets	568,013
Lease liability	<u>(458,206)</u>
Net position beginning of year, as restated	<u>\$ (109,432,487)</u>

10. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 21, 2022, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2022 have been incorporated into these financial statements.

AVERILL PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
Revenues				
Local Sources				
Real Property Taxes	\$ 32,790,622	\$ 32,790,622	\$ 32,789,187	\$ (1,435)
Real Property Tax Items	50,000	50,000	44,244	(5,756)
Charges for Services	883,596	888,872	1,264,997	376,125
Use of Money and Property	315,400	315,400	328,403	13,003
Sale of Property and Compensation for Loss	1,000	1,000	16,623	15,623
Miscellaneous	<u>317,500</u>	<u>355,033</u>	<u>479,435</u>	<u>124,402</u>
Total Local Sources	34,358,118	34,400,927	34,922,889	521,962
State Sources	25,640,729	25,640,729	25,578,166	(62,563)
Federal Sources	<u>90,000</u>	<u>90,000</u>	<u>277,653</u>	<u>187,653</u>
Other Sources				
Interfund Transfers	<u>588,000</u>	<u>588,000</u>	<u>88,000</u>	<u>(500,000)</u>
Total Revenue and Other Sources	<u>60,676,847</u>	<u>60,719,656</u>	\$ <u><u>60,866,708</u></u>	\$ <u><u>147,052</u></u>
Appropriated Fund Equity				
Prior Year's Encumbrances	313,334	313,334		
Appropriated Fund Equity	780,000	780,000		
Appropriated Reserves - Employee Benefits	-	76,141		
- Reserve for Property Loss	<u>-</u>	<u>1,255,000</u>		
Total Appropriated Fund Equity	<u>1,093,334</u>	<u>2,424,475</u>		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ <u><u>61,770,181</u></u>	\$ <u><u>63,144,131</u></u>		

**AVERILL PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
Expenditures					
General Support					
Board of Education	\$ 43,265	\$ 47,679	\$ 40,993	\$ -	\$ 6,686
Central Administration	401,319	396,418	393,820	-	2,598
Finance	618,890	659,708	639,941	3,830	15,937
Staff	414,616	638,789	588,328	17,250	33,211
Central Services	3,530,472	3,538,826	3,401,715	42,182	94,929
Special Items	989,204	1,064,596	1,059,945	-	4,651
Total General Support	<u>5,997,766</u>	<u>6,346,016</u>	<u>6,124,742</u>	<u>63,262</u>	<u>158,012</u>
Instruction					
Instruction, Administration & Improvement	1,660,213	1,744,654	1,661,364	20	83,270
Teaching - Regular School	16,920,155	16,928,803	16,748,564	72,276	107,963
Programs for Students with Disabilities	7,177,862	7,451,391	7,161,232	53,610	236,549
Occupational Education	664,264	678,030	678,030	-	-
Teaching - Special Schools	54,845	54,845	42,256	50	12,539
Instructional Media	1,738,730	1,613,857	1,561,896	18,182	33,779
Pupil Services	3,032,321	3,097,178	3,041,400	13,127	42,651
Total Instruction	<u>31,248,390</u>	<u>31,568,758</u>	<u>30,894,742</u>	<u>157,265</u>	<u>516,751</u>
Other Pupil Transportation	3,382,146	3,247,888	3,067,531	3,031	177,326
Community Services	-	-	-	-	-
Employee Benefits	17,087,488	16,287,655	15,429,045	-	858,610
Debt Service					
Debt Service Principal	3,317,233	3,496,231	3,491,308	-	4,923
Debt Service Interest	632,158	642,858	642,610	-	248
Total Other Debt Service	<u>24,419,025</u>	<u>23,674,632</u>	<u>22,630,494</u>	<u>3,031</u>	<u>1,041,107</u>
Total Expenditures	<u>61,665,181</u>	<u>61,589,406</u>	<u>59,649,978</u>	<u>223,558</u>	<u>1,715,870</u>
Other Financing Uses					
Interfund Transfer	105,000	1,554,725	1,488,992	-	65,733
Total Expenditures and Other Uses	<u>\$ 61,770,181</u>	<u>\$ 63,144,131</u>	<u>61,138,970</u>	<u>\$ 223,558</u>	<u>\$ 1,781,603</u>
Net Change in Fund Equity			\$ (272,262)		
Fund equity - beginning			9,869,213		
Fund equity - ending			<u>\$ 9,596,951</u>		

**AVERILL PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

	Fiscal Year Ending * <u>2022</u>	Fiscal Year Ending * <u>2021</u>	Fiscal Year Ending * <u>2020</u>	Fiscal Year Ending * <u>2019</u>	Fiscal Year Ending * <u>2018</u>
Total OPEB Liability					
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 5,287,631	\$ 4,444,474	\$ 4,142,922	\$ 5,556,022	\$ 5,060,746
Interest	3,616,755	3,578,078	4,674,099	4,336,555	4,130,949
Effect of Plan Changes	-	(637,982)	-	(973,511)	-
Effect of Demographic Gains or Losses	-	(19,343,899)	-	979,944	282,839
Effect of Assumption Changes or Inputs	(35,054,868)	20,310,627	22,706,077	(16,282,811)	-
Benefit payments	<u>(3,700,240)</u>	<u>(3,611,897)</u>	<u>(3,312,091)</u>	<u>(3,111,804)</u>	<u>(3,120,741)</u>
Net Change in Total OPEB Liability	<u>(29,850,722)</u>	<u>4,739,401</u>	<u>28,211,007</u>	<u>(9,495,605)</u>	<u>6,353,793</u>
Total OPEB Liability - beginning	<u>163,994,969</u>	<u>159,255,568</u>	<u>131,044,561</u>	<u>140,540,206</u>	<u>134,186,413</u>
Total OPEB Liability - ending	<u>\$ 134,144,247</u>	<u>\$ 163,994,969</u>	<u>\$ 159,255,568</u>	<u>\$ 131,044,601</u>	<u>\$ 140,540,206</u>
Covered-employee payroll	\$ 24,250,233	\$ 24,250,233	\$ 23,537,030	\$ 23,537,030	\$ 28,306,308
Total OPEB Liability as a percentage of covered-employee payroll	553.17%	676.26%	676.62%	556.76%	496.50%

* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of the measurement date above.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2022**

	ERS Pension Plan Last 10 Fiscal Years							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0226126%	0.0225086%	0.0225086%	0.0238060%	0.0238060%	0.0238060%	0.0238060%	0.0200000%
Proportionate share of the net pension liability (asset)	\$ (1,848,487)	\$ 22,696	\$ 5,943,213	\$ 1,606,649	\$ 726,454	\$ 2,203,992	\$ 3,834,738	\$ 804,227
Covered-employee payroll	\$ 8,308,856	\$ 8,197,673	\$ 8,164,824	\$ 8,056,166	\$ 6,663,551	\$ 7,411,942	\$ 7,533,893	\$ 6,861,721
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-22.25%	0.28%	73%	20%	11%	30%	50.9%	11.7%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	98.24%	98.24%	98.24%	94.70%	90.7%	97.9%
	TRS Pension Plan Last 10 Fiscal Years							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.136024%	0.130000%	0.130000%	0.133830%	0.135585%	0.123910%	0.129391%	0.129391%
Proportionate share of the net pension liability (asset)	\$ (23,571,636)	\$ 3,697,214	\$ (3,399,661)	\$ (2,420,005)	\$ (1,030,584)	\$ 1,426,129	\$ (13,641,206)	\$ (14,413,357)
Covered-employee payroll	\$ 24,722,381	\$ 23,686,411	\$ 23,370,732	\$ 22,585,183	\$ 21,799,460	\$ 21,948,466	\$ 20,546,918	\$ 19,511,261
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-95%	16%	-15%	-11%	-5%	6%	-66%	-74%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of the measurement date as disclosed in the footnotes.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022**

ERS Pension Plan Last 10 Fiscal Years								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,119,280	\$ 1,061,754	\$ 1,023,697	\$ 979,728	\$ 961,701	\$ 1,044,669	\$ 1,189,507	\$ 1,308,693
Contributions in relation to the contractually required contribution	<u>(1,119,280)</u>	<u>(1,061,754)</u>	<u>(1,023,697)</u>	<u>(979,728)</u>	<u>(961,701)</u>	<u>(1,044,669)</u>	<u>(1,189,507)</u>	<u>(1,308,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,308,856	\$ 8,197,673	\$ 8,164,824	\$ 8,056,166	\$ 6,663,551	\$ 7,411,942	\$ 7,533,893	\$ 6,861,721
Contributions as a percentage of covered-employee payroll	13.47%	12.95%	12.54%	12.16%	14.43%	14.09%	15.79%	19.07%
TRS Pension Plan Last 10 Fiscal Years								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,200,250	\$ 2,012,092	\$ 2,319,629	\$ 2,136,347	\$ 2,518,138	\$ 2,724,521	\$ 3,458,291	\$ 3,105,875
Contributions in relation to the contractually required contribution	<u>(2,200,250)</u>	<u>(2,012,092)</u>	<u>(2,319,629)</u>	<u>(2,136,347)</u>	<u>(2,518,138)</u>	<u>(2,724,521)</u>	<u>(3,458,291)</u>	<u>(3,105,875)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 24,722,381	\$ 23,686,411	\$ 23,370,732	\$ 22,585,183	\$ 21,799,460	\$ 21,948,466	\$ 20,546,918	\$ 19,511,261
Contributions as a percentage of covered-employee payroll	8.90%	8.49%	9.93%	9.46%	11.55%	12.41%	16.83%	15.92%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of the measurement date as disclosed in the footnotes.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 61,456,847
Add: Prior year's encumbrances	<u>313,334</u>
Original Budget	61,770,181
Additions:	
Budget Amendments	<u>1,373,950</u>
Final Budget	\$ <u><u>63,144,131</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 [subsequent year's] voter-approved expenditure budget	\$ 63,873,347
Maximum allowed (4% of 2022-23 [subsequent year's] budget)	2,554,934

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

Unrestricted Fund Balance:	
Committed Fund Balance	\$ -
Assigned Fund Balance	1,003,558
Unassigned Fund Balance	<u>2,554,933</u>
Total Unrestricted Fund Balance	<u>3,558,491</u>

Less:

Appropriated Fund Balance	780,000
Encumbrances included in Committed and Assigned Fund Balance	<u>223,558</u>
Total Adjustments	<u>1,003,558</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ <u><u>2,554,933</u></u>
--	----------------------------

Actual percentage	4.00%
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- * Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: 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.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

		Expenditures					Methods of Financing					Fund Balance
	SED Project			Prior	Current		Unexpended	Proceeds of	State	Local		(Deficit)
Project Title	Number	Original	Revised	Year's	Year's	Total	Balance	Obligations	Sources	Sources	Total	June 30, 2022
Capital Exclusion & Emergency Projects												
Algonquin Middle School - Emergency Project	0009-012	\$ 150,000	\$ 150,000	\$ 6,024	\$ 141,151	\$ 147,175	\$ (2,825)	\$ -	\$ -	\$ 59,998	\$ 59,998	\$ (87,177)
Algonquin Middle School - Fire Alarm Project	0009-013	100,000	100,000	-	99,956	99,956	(44)	-	-	100,000	100,000	44
Algonquin Middle School - Flood Remediation		-	180,731	-	180,671	180,671	(60)	-	-	180,671	180,671	-
Agonquin Middle School - Flood Repair	0009-014	1,090,500	697,113	-	689,114	689,114	(7,999)	-	-	689,114	689,114	-
Averill Park High School - Flood Remediation		-	311,451	-	311,449	311,449	(2)	-	-	311,449	311,449	-
Averill Park High School - Flood Repair	0001-014	1,184,500	1,085,705	-	1,054,798	1,054,798	(30,907)	-	-	1,054,798	1,054,798	-
Miller Hill Sand Lake Elementary - Phase 1	0000-009	14,950	21,037	111	5,987	6,098	(14,939)	-	-	-	-	(6,098)
Averill Park High School - Phase 1	0001-015	23,750	29,730	177	6,437	6,614	(23,116)	-	-	-	-	(6,614)
Poestenkill Elementary School - Phase 1	0004-010	12,750	18,850	95	5,865	5,960	(12,890)	-	-	-	-	(5,960)
Bus Garage - Phase 1	5016-006	4,295,000	4,303,001	32,011	193,823	225,834	(4,077,167)	-	-	-	-	(225,834)
West Sand Lake - Phase 1	0006-010	67,750	73,470	505	3,868	4,373	(69,097)	-	-	-	-	(4,373)
George Washington School - Phase 1	0017-008	12,750	18,850	95	5,864	5,959	(12,891)	-	-	-	-	(5,959)
Algonquin Middle School - Phase 1	0009-015	34,750	40,819	259	7,244	7,503	(33,316)	-	-	-	-	(7,503)
Bus Garage - Phase 1A	5016-007	69,500	69,500	518	4,777	5,295	(64,205)	-	-	-	-	(5,295)
West Sand Lake - Phase 1A	0006-012	172,500	172,500	1,286	5,733	7,019	(165,481)	-	-	-	-	(7,019)
Algonquin Middle School - Phase 1A	0009-017	652,500	652,500	4,863	19,711	24,574	(627,926)	-	-	-	-	(24,574)
Algonquin Middle School - Phase 2	0009-016	5,183,850	5,183,850	38,636	192,669	231,305	(4,952,545)	-	-	-	-	(231,305)
Averill Park High School - Phase 2	0001-016	6,730,250	6,730,250	50,161	239,287	289,448	(6,440,802)	-	-	-	-	(289,448)
Press Box - Phase 2	7022-002	709,750	709,750	5,290	7,917	13,207	(696,543)	-	-	-	-	(13,207)
School Bus & Equipment Purchases		5,150,877	5,985,351	5,150,877	746,714	5,897,591	(87,760)	5,985,605	-	-	5,985,605	88,014
Smart Schools Bond Act Projects												
Security Enhancements		925,300	925,300	775,075	56,009	831,084	(94,216)	-	832,084	-	832,084	1,000
Chromebook Purchase		150,000	150,000	-	149,990	149,990	(10)	-	149,990	-	149,990	-
Lease Expense		-	-	-	144,775	144,775	144,775	-	-	144,775	144,775	-
Grand Totals		\$ 26,731,227	\$ 27,609,758	\$ 6,065,983	\$ 4,273,809	\$ 10,339,792	\$ (17,269,966)	\$ 5,985,605	\$ 982,074	\$ 2,540,805	\$ 9,508,484	\$ (831,308)

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022**

Capital Assets, Net		\$ 49,789,455
Add:		
Unamortized deferred loss	\$ 69,810	
Capital fund - cash	<u>6,412,505</u>	
		6,482,315
Deduct:		
Bond anticipation notes	\$ (6,550,000)	
Short-term portion of bonds payable	(3,406,898)	
Long-term portion of bonds payable	(9,383,068)	
Unamortized bond premium	<u>(894,372)</u>	
		<u>(20,234,338)</u>
Net Investment in Capital Assets		<u><u>\$ 36,037,432</u></u>

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

To the President and Members
of the Board of Education of the
Averill Park Central School District

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 and each major fund of the Averill Park Central School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY

October 21, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Members of the Board of Education of the
Averill Park Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our 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 for the 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 District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purposes 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.

Marvin and Company, P.C.

Latham, NY

October 21, 2022

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Cluster Title/Program Title	Assistance Listings Number	Pass- Through Entity Identifying Number	Passed Through To Subrecipient	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-22-0756		\$ 701,147
COVID-19 ARP - Special Education - Grants to States	84.027X	5532-22-0756		1,662
Special Education - Preschool Grants	84.173	0033-22-0756		40,187
COVID-19 ARP - Special Education - Preschool Grants	84.173X	5533-22-0756		<u>1,770</u>
Total Special Education Cluster				<u>744,766</u>
Title I Grants to Local Educational Agencies	84.010	0021-22-2575		<u>223,933</u>
Title IV Grants to Local Educational Agencies	84.424	0204-21-2575		7,770
Title IV Grants to Local Educational Agencies	84.424	0204-22-2575		<u>8,335</u>
Total Title IV				<u>16,105</u>
Improving Teacher Quality State Grants	84.367	0147-22-2575		55,600
Education Stabilization Funds				
COVID-19 CRRSA Act - Governor's Emergency Education Relief Fund	84.425C	5896-21-2575		91,086
COVID-19 CRRSA Act - Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-2575		1,044,819
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-2575		373,705
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund - Summer Enrichment	84.425U	5882-21-2575		92,533
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund - Comprehensive After School	84.425U	5883-21-2575		28,304
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund - Learning Loss	84.425U	5884-21-2575		<u>286,947</u>
Total Education Stabilization Funds				<u>1,917,394</u>
Total U.S. Department of Education				<u>2,957,798</u>
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
COVID-19 National School Lunch Program	10.555	Not Applicable		1,066,705
COVID-19 School Breakfast Program	10.553	Not Applicable		332,826
Food Distribution	10.555	Not Applicable		<u>79,850</u>
Total Child Nutrition Cluster				<u>1,479,381</u>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	Not Applicable		<u>16,473</u>
Total U.S. Department of Agriculture				<u>1,495,854</u>
Total Expenditures of Federal Awards				<u>\$ 4,453,652</u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Averill Park Central School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as Federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The Federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Averill Park Central School District is an independent municipal corporation. All Federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$79,850.

5. INDIRECT COST RATE

The Averill Park Central School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the Federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

AVERILL PARK CENTRAL SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____yes X no
_____yes X none reported

Noncompliance material to financial statements noted?

 X yes _____no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____yes X no
_____yes X none reported

Type of auditor's report issued on compliance for major programs

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.425C

Governor's Emergency Education Relief Fund

84.425D

Elementary and Secondary School Emergency Relief Fund

84.425U

American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes _____no

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2022-001 Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition

Statement of Condition: The fund balance in the school lunch fund exceeds the allowable limit by approximately \$480,000.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2022-001 Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition

Criteria: According to the code of federal regulations section CFR §210.14 (b) the school food authority shall limit its net cash resources to no more than 3 months worth of average expenditures.

Cause: The effect of expenditures being less than revenue.

Effect of Condition: The District was not in compliance with federal guidelines.

Context: As part of audit procedures, compliance with this federal guideline is reviewed. Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition.

Recommendation: The District should follow federal guidelines to resolve excess fund balance. The District is required to submit a plan to the Child Nutrition Program Administration detailing how the District will reduce the fund balance to an acceptable level within one year and also what the District will do to ensure that an excess fund balance does not occur in the future.

Views of Responsible Officials and Planned Corrective Actions: Participation in the District's Child Nutrition program increased substantially as a result of free lunch for all students. The increase in participation and higher federal reimbursement rates created a large fund balance. To reduce the fund balance, the District plans to purchase equipment to update kitchens throughout the district. In the future, the District will monitor the fund balance for the child nutrition program throughout the year and make the adjustments as necessary.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR section 200.516(a):

None

Summary Schedule of prior auditing findings

None