

FINANCIAL REPORT  
AUDITED

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
For the Year Ended June 30, 2021

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*Audited for:*

Board of Education

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**

*Audited By:*

RBT CPAs, LLP  
11 Racquet Road  
Newburgh, NY 12550  
(845) 567-9000

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# RONDOUT VALLEY CENTRAL SCHOOL DISTRICT

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LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Rondout Valley Central School District  
P.O. Box 9  
122 Kyserike Road  
Accord, NY 12404

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rondout Valley Central School District (the "School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit for the year ended June 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedules included under supplementary information in the accompanying table of contents and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*RBT CPAs, LLP*

Newburgh, NY  
November 10, 2021

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Introduction**

The accompanying discussion and analysis of the Rondout Valley Central School District's ("the School District") financial performance has been prepared to provide an overview of the School District's financial activities for the year ended June 30, 2021. The discussion and analysis is only an introduction and should be read in conjunction with the School District's financial statements.

**Financial Highlights**

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,214,200. This amount was not within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$4,747,159, a decrease of \$5,320,111 during the current fiscal year. This decrease is due largely to the District applying fund balance to help support the budget, health insurance increases and capital expenditures related to the Smart School Bond and District-wide Repairs projects.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$(93,659,098). The School District's total net position decreased by \$6,670,218 for the year ended June 30, 2021. This is mainly a result of substantial liability increase in Other Post-Employment Benefits ("OPEB") relating to of GASB Statement No. 75.
- For the year ending June 30, 2021, the School District recorded a liability of \$180,301,504 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

**Basic Financial Statements**

The first two statements in the basic financial statements are the District-wide Financial Statements. They provide short and long-term information about the School District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the School District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

# **RONDOUT VALLEY CENTRAL SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **District-wide Financial Statements**

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

- The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference 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 School District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position 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.
- The governmental activities of the School District include instruction, pupil transportation, school lunch program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

## **Fund Financial Statements**

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains five individual governmental funds. The General Fund, Capital Projects Fund, School Lunch Fund, Debt Service Fund and Special Aid Fund are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DISTRICT-WIDE FINANCIAL ANALYSIS**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT'S NET POSITION**

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 41,171,772	\$ 27,929,693	\$ 13,242,079	47.41%
Net Pension Asset	-	3,755,703	(3,755,703)	-100.00%
Capital Assets, Net	58,811,498	47,322,766	11,488,732	24.28%
Total Assets	99,983,270	79,008,162	20,975,108	26.55%
Deferred Outflows of Resources				
Pensions	17,479,094	15,069,220	\$ 2,409,874	15.99%
Other Postemployment Benefits	38,209,689	47,762,112	(9,552,423)	-20.00%
Bond Refunding	207,834	259,792	(51,958)	-20.00%
Total Deferred Outflows of Resources	55,896,617	63,091,124	(7,194,507)	-11.40%
Current Liabilities	38,210,646	19,596,360	18,614,286	94.99%
Long-Term Liabilities	190,308,887	201,298,334	(10,989,447)	-5.46%
Total Liabilities	228,519,533	220,894,694	7,624,839	3.45%
Deferred Inflows of Resources				
Pensions	7,220,021	5,254,690	1,965,331	37.40%
Other Postemployment Benefits	13,799,431	3,262,366	10,537,065	322.99%
Total Deferred Inflows of Resources	21,019,452	8,517,056	12,502,396	146.79%
Net Position:				
Net Investment in Capital Assets	41,100,959	26,695,649	14,405,310	53.96%
Restricted	6,750,746	5,093,531	1,657,215	32.54%
Unrestricted	(141,510,803)	(119,101,644)	(22,409,159)	-18.82%
Total Net Position	\$ (93,659,098)	\$ (87,312,464)	\$ (6,346,634)	-7.27%



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

By far, the largest component of the School District's net position, \$41,100,959 reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions total \$6,750,746. The remaining balance is an unrestricted deficit of \$(141,510,803), primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, new items are included in the Statement of Net Position. As of June 30, 2021, the School District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the School District. Rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note X of the financial statements for more information on these pension items.

The negative unrestricted net position balance of \$(141,510,803) continues to be the result of recognizing the liability for Other Post - Employment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2020-2021 fiscal year, this liability decreased by a net amount of \$8,565,639. The reason the negative unrestricted net position was larger than its previous negative balance of \$(87,312,464) as reported at June 30, 2020 is due primarily to the School District recording an expenditure of \$11,522,849. Therefore, the negative unrestricted net position balance will continue to grow as a result of incurring expenditures without being able to provide funding or payment for them, and will be directly impacted, positively or negatively, by future swings in recording the OPEB asset/liability.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DISTRICT-WIDE FINANCIAL ANALYSIS**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION**

	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 590,216	16.89%	\$ 674,164	18.23%	\$ (83,948)	-12.45%
Operating Grants and Contributions	2,904,451	83.11%	2,934,400	79.34%	(29,949)	-1.02%
Capital Grants and Contributions	-	0.00%	89,924	2.43%	(89,924)	-100.00%
Total Program Revenue	3,494,667	100.00%	3,698,488	100.00%	(203,821)	-5.51%
General Revenues:						
Real Property Taxes	36,294,193	58.80%	34,171,858	55.88%	2,122,335	6.21%
Other Tax Items	2,593,481	4.20%	2,723,648	4.45%	(130,167)	-4.78%
Use of Money and Property	59,820	0.10%	91,502	0.15%	(31,682)	-34.62%
Sales of Property and Compensation for Loss	37,596	0.06%	2,971	0.00%	34,625	1165.43%
Loss on Disposal of Assets	(16,838)	-0.03%	(32,281)	-0.05%	15,443	100.00%
Unrestricted State Aid	21,714,417	35.17%	23,620,785	38.62%	(1,906,368)	-8.07%
Miscellaneous	1,052,032	1.70%	578,933	0.95%	473,099	81.72%
Total General Revenues	61,734,701	100.00%	61,157,416	100.00%	577,285	0.94%
Total Revenues	65,229,368		64,855,904		373,464	0.58%
Program Expenses:						
General Support	7,566,867	10.53%	9,781,944	12.13%	(2,215,077)	-22.64%
Instruction	60,614,087	84.30%	64,734,170	80.26%	(4,120,083)	-6.36%
Pupil Transportation	2,224,161	3.09%	4,199,849	5.21%	(1,975,688)	-47.04%
School Lunch Program	1,219,018	1.70%	1,419,962	1.76%	(200,944)	-14.15%
Interest on Debt, net loss of refunding	275,453	0.38%	521,369	0.64%	(245,916)	-47.17%
Total Expenses	71,899,586	100.00%	80,657,294	100.00%	\$ (8,757,708)	-10.86%
Decrease in Net Position	<u>\$ (6,670,218)</u>		<u>\$ (15,801,390)</u>			

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Rondout Valley Central School Funds

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

Governmental Funds: The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School District's financing for spending at the end of the fiscal year.

The major changes from 2020-21 are as follows:

Revenues:

- Charges for services decreased by \$83,948. This was due to less students from other districts attending this School District for which tuition was accepted and reduction in school lunch program services.
- Real property taxes increased by \$2,122,335. Although greater than 2019-20, the increase was within the NYS mandated Tax Cap.
- Other tax items include the reimbursements received for the School Tax Relief Reimbursement Program ("STAR") which decreased by \$151,258. The STAR Program provides tax relief to homeowners through State reimbursement to the District.
- Unrestricted State Aid decreased by \$1,906,368 due to the state increasing excess cost aid.

Expenses:

- General Support decreased by \$2,215,077 mainly due to an increase in OPEB costs.
- Instructional Program expenses decreased by \$4,120,083. This decrease is mainly due to an increase in the OPEB costs and capital asset expenses.
- Pupil Transportation expenses decreased by \$1,975,688. This decrease was due to the closure of schools as a result of COVID-19.
- School Lunch Program expenses decreased by \$200,944. This decrease was mostly due to the closure of schools as a result of COVID-19.
- Interest expense decreased by \$245,916 due to the way the debt repayment is structured.

*Fund Balance Reporting*

The District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

*Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.*

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

*Total Governmental Funds*

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds, reported combined fund balances of \$4,747,159, a decrease of \$5,320,111 from the prior year. \$1,081,431 constitutes assigned fund balance, all of which is assigned for purchases on order. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for Debt Service of \$328,754, for General Fund employment benefits of \$1,119,512, for workers compensation of \$250,000, for retirement contributions of \$4,668,715, for unemployment benefits of \$383,765, and for Capital Projects – unexpended BAN proceeds of \$20,390,909.

The summary of the combined fund balances are as follows:

Nonspendable	\$	247,899
Restricted		27,141,655
Assigned		3,084,399
Unassigned		(25,726,794)

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$13,932,413 of which \$6,214,200 or 9.28% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the School District's General Fund increased by \$5,202,594 during the current fiscal year.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

During the year, the School District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

**Capital Asset and Debt Administration**

Capital Assets: At June 30, 2021, the School District had \$58,811,498 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The increase in capital assets during the current fiscal year is a result of increased costs due to ongoing capital projects.

Debt: As of June 30, 2020, the School District had \$192,008,310 in general obligation and other long-term debt outstanding.

At June 30, 2021, the School District reported a liability of \$17,676 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. The TRS net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. At June 30, 2021 the School District reported a liability of \$3,903,682 for its proportionate share of the net pension liability of TRS.

More detailed information about the School District's capital assets and long-term debt is presented in the notes to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rondout Valley Central School District

Attn: Dr. Joseph Morgan  
Superintendent of Schools  
P.O. Box 9  
122 Kyserike Road  
Accord, NY 12404

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Primary Government Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 12,933,812
Restricted Cash	24,141,655
Accounts Receivable	54,581
State and Federal Aid Receivable	516,764
Due from Other Governments	3,034,917
Inventories	33,109
Prepaid Expenses	456,934
	<u>41,171,772</u>
Capital Assets, not being depreciated	17,233,496
Capital Assets, being depreciated - net	41,578,002
Total Capital Assets, net (Note VI)	<u>58,811,498</u>
Total Assets	<u>99,983,270</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension (Note X)	17,479,094
Other Postemployment Benefits (Note XI)	38,209,689
Bond Refunding	207,834
Total Deferred Outflows of Resources	<u>55,896,617</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>155,879,887</u>
<b>LIABILITIES</b>	
Accounts Payable	1,631,328
Accrued Liabilities	478,873
Unearned Revenue	1,701
Due to Other Governments	689,837
Due to Retirement Systems	2,540,730
Bond Anticipation Notes (Note VII)	31,168,754
Non-Current Liabilities:	
Due and Payable Within One Year:	
Bonds Payable, Net of bond premium (Note VIII)	1,699,423
Due and Payable More Than One Year:	
Bonds Payable, Net of bond premium (Note VIII)	5,233,271
Compensated Absences (Note VIII)	852,754
TRS Net Pension Liability-Proportionate Share (Note X)	3,903,682
ERS Net Pension Liability-Proportionate Share (Note X)	17,676
Other Postemployment Benefits (Note XI)	180,301,504
Total Liabilities	<u>228,519,533</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension (Note X)	7,220,021
Other Postemployment Benefits (Note XI)	13,799,431
Total Deferred Inflows of Resources	<u>21,019,452</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>249,538,985</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	41,100,959
Restricted	6,750,746
Unrestricted	(141,510,803)
Total Net Position	<u>\$ (93,659,098)</u>

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
<b><u>FUNCTIONS/PROGRAMS</u></b>					
Primary Government:					
Governmental Activities:					
General Support	\$ (7,566,867)	\$ -	\$ -	\$ -	\$ (7,566,867)
Instruction	(60,614,087)	558,634	2,647,072	-	(57,408,381)
Pupil Transportation	(2,224,161)	-	-	-	(2,224,161)
School Lunch Program	(1,219,018)	31,582	257,379	-	(930,057)
Interest on Debt	(275,453)	-	-	-	(275,453)
Total Primary Government	<u>\$ (71,899,586)</u>	<u>\$ 590,216</u>	<u>\$ 2,904,451</u>	<u>\$ -</u>	<u>(68,404,919)</u>
General Revenues:					
Real Property Taxes					36,294,193
Other Tax Items					
School Tax Relief Reimbursement					2,445,363
Interest and Penalties on Real Property Taxes					148,118
Use of Money and Property					59,820
Sale of Property and Compensation for Loss					37,596
Loss on Disposal of Assets					(16,838)
Unrestricted State Aid					21,714,417
Miscellaneous					1,052,032
Total General Revenues					<u>61,734,701</u>
Change in Net Position					<u>(6,670,218)</u>
Net Position - Beginning, as previously reported					<u>(87,312,464)</u>
Prior Period Adjustment (XIV)					<u>323,584</u>
Net Position - Beginning, as restated					<u>(86,988,880)</u>
Net Position - Ending					<u>\$ (93,659,098)</u>

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 10,715,151	\$ 97,547	455,963	\$ 81,555	\$ 1,583,596	\$ 12,933,812
Restricted Cash	3,421,992	-	20,390,909	-	328,754	24,141,655
Accounts Receivable	54,465	-	-	116	-	54,581
State and Federal Aid Receivable	516,764	-	-	-	-	516,764
Due from Other Governments	1,566,040	1,425,991	-	42,886	-	3,034,917
Due from Other Funds	3,791,308	-	1,000,000	530,297	504,872	5,826,477
Inventories	-	-	-	33,109	-	33,109
Prepaid Expenditures	214,790	-	-	-	-	214,790
Total Assets	<u>\$ 20,280,510</u>	<u>\$ 1,523,538</u>	<u>\$ 21,846,872</u>	<u>\$ 687,963</u>	<u>\$ 2,417,222</u>	<u>46,756,105</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 103,591	\$ 114,168	\$ 1,401,059	\$ 12,510	\$ -	1,631,328
Accrued Liabilities	478,524	151	-	198	-	478,873
Unearned Revenues	599	1,102	-	-	-	1,701
Due to Other Funds	2,551,870	1,408,117	913,255	867,735	85,500	5,826,477
Due to Other Governments	689,593	-	-	244	-	689,837
Due to Retirement Systems	2,523,920	-	-	16,810	-	2,540,730
Bond Anticipation Note Payable	-	-	30,840,000	-	-	30,840,000
Total Liabilities	<u>6,348,097</u>	<u>1,523,538</u>	<u>33,154,314</u>	<u>897,497</u>	<u>85,500</u>	<u>42,008,946</u>
Fund Balances:						
Nonspendable	214,790	-	-	33,109	-	247,899
Restricted	6,421,992	-	20,390,909	-	328,754	27,141,655
Assigned	1,081,431	-	-	-	2,002,968	3,084,399
Unassigned	6,214,200	-	(31,698,351)	(242,643)	-	(25,726,794)
Total Fund Balances	<u>13,932,413</u>	<u>-</u>	<u>(11,307,442)</u>	<u>(209,534)</u>	<u>2,331,722</u>	<u>4,747,159</u>
Total Liabilities and Fund Balances	<u>\$ 20,280,510</u>	<u>\$ 1,523,538</u>	<u>\$ 21,846,872</u>	<u>\$ 687,963</u>	<u>\$ 2,417,222</u>	<u>\$ 46,756,105</u>

See accompanying notes to basic financial statements.



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,933,812	\$ -	\$ -	\$ 12,933,812
Restricted Cash	24,141,655	-	-	24,141,655
Accounts Receivable	54,581	-	-	54,581
State and Federal Aid Receivable	516,764	-	-	516,764
Due From Other Governments	3,034,917	-	-	3,034,917
Due From Other Funds	5,826,477	-	(5,826,477)	-
Inventories	33,109	-	-	33,109
Prepaid Expenditures	214,790	242,144	-	456,934
Capital Assets, net	-	58,811,498	-	58,811,498
Total Assets	46,756,105	59,053,642	(5,826,477)	99,983,270
Deferred Outflows of Resources - Pension	-	17,479,094	-	17,479,094
Deferred Outflows of Resources - OPEB	-	38,209,689	-	38,209,689
Deferred Outflows of Resources - Bond Refunding	-	207,834	-	207,834
Total Assets and Deferred Outflows	\$ 46,756,105	\$ 114,950,259	\$ (5,826,477)	\$ 155,879,887
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,631,328	\$ -	\$ -	\$ 1,631,328
Accrued Liabilities	478,873	-	-	478,873
Unearned Revenues	1,701	-	-	1,701
Due to Other Funds	5,826,477	-	(5,826,477)	-
Due to Other Governments	689,837	-	-	689,837
Due to Retirement Systems	2,540,730	-	-	2,540,730
Bond Anticipation Notes Payable	30,840,000	328,754	-	31,168,754
Bonds Payable	-	6,875,000	-	6,875,000
Unamortized Bond Premium	-	57,694	-	57,694
Compensated Absences	-	852,754	-	852,754
TRS Net Pension Liability-Proportionate Share	-	3,903,682	-	3,903,682
ERS Net Pension Liability-Proportionate Share	-	17,676	-	17,676
Other Postemployment Benefits	-	180,301,504	-	180,301,504
Total Liabilities	42,008,946	192,337,064	(5,826,477)	228,519,533
Deferred Inflows of Resources - Pension	-	7,220,021	-	7,220,021
Deferred Inflows of Resources - OPEB	-	13,799,431	-	13,799,431
Total Liabilities and Deferred Inflows	42,008,946	213,356,516	(5,826,477)	249,538,985
Total Fund Balances	4,747,159	(98,406,257)	-	(93,659,098)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 46,756,105	\$ 114,950,259	\$ (5,826,477)	\$ 155,879,887

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
Revenues:						
Real Property Taxes	\$ 36,294,193	\$ -	\$ -	\$ -	\$ -	\$ 36,294,193
Other Tax Items	2,593,481	-	-	-	-	2,593,481
Charges for Services	558,634	-	-	-	-	558,634
Use of Money and Property	48,418	-	-	57	11,345	59,820
Sale of Property and Compensation for Loss	37,596	-	-	-	-	37,596
State Aid	22,155,586	637,710	-	6,336	-	22,799,632
Federal Aid	504,417	1,265,654	-	251,043	-	2,021,114
Food Sales	-	-	-	31,582	-	31,582
Miscellaneous	1,052,021	-	-	11	328,754	1,380,786
Total Revenues	63,244,346	1,903,364	-	289,029	340,099	65,776,838
Expenditures:						
General Support	3,486,716	-	1,645,338	-	-	5,132,054
Instruction	29,902,589	1,903,364	-	-	-	31,805,953
Pupil Transportation	2,120,761	-	-	-	-	2,120,761
Employee Benefits	16,318,411	-	-	367,957	-	16,686,368
Cost of Food Sales	-	-	-	601,832	-	601,832
Debt Service	1,000,000	-	-	-	1,851,100	2,851,100
Capital Outlay	1,857,001	-	10,801,880	-	-	12,658,881
Total Expenditures	54,685,478	1,903,364	12,447,218	969,789	1,851,100	71,856,949
Excess/(Deficiency) of Revenues Over Expenditures	8,558,868	-	(12,447,218)	(680,760)	(1,511,001)	(6,080,111)
Other Financing Sources/(Uses):						
BANs Redeemed from Appropriations	-	-	760,000	-	-	760,000
Operating Transfers In	-	-	-	693,674	2,662,600	3,356,274
Operating Transfers Out	(3,356,274)	-	-	-	-	(3,356,274)
Total Other Financing Sources/(Uses)	(3,356,274)	-	760,000	693,674	2,662,600	760,000
Change in Fund Balances	5,202,594	-	(11,687,218)	12,914	1,151,599	(5,320,111)
Fund Balances - Beginning, as previously reported	8,729,819	-	379,776	(222,448)	1,014,066	9,901,213
Prior Period Adjustment (Note XIV)	-	-	-	-	166,057	166,057
Fund Balances - Beginning, as restated	8,729,819	-	379,776	(222,448)	1,180,123	10,067,270
Fund Balances - Ending	\$ 13,932,413	\$ -	\$ (11,307,442)	\$ (209,534)	\$ 2,331,722	\$ 4,747,159

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 36,294,193	\$ -	\$ -	\$ -	\$ -	\$ 36,294,193
Other Tax Items	2,593,481	-	-	-	-	2,593,481
Charges for Services	558,634	-	-	-	-	558,634
Use of Money and Property	59,820	-	-	-	-	59,820
Sale of Property and Compensation for Loss	37,596	-	-	-	-	37,596
Loss on Disposal of Assets	-	-	(16,838)	-	-	(16,838)
State Aid	22,799,632	(201,878)	-	-	-	22,597,754
Federal Aid	2,021,114	-	-	-	-	2,021,114
Food Sales	31,582	-	-	-	-	31,582
Miscellaneous	1,380,786	-	-	(328,754)	-	1,052,032
Total Revenues	65,776,838	(201,878)	(16,838)	(328,754)	-	65,229,368
Expenditures:						
General Support	5,132,054	-	107,262	-	2,327,551	7,566,867
Instruction	31,805,953	-	1,129,633	-	27,678,501	60,614,087
Pupil Transportation	2,120,761	-	-	-	103,400	2,224,161
Employee Benefits	16,686,368	14,040,270	-	-	(30,726,638)	-
Cost of Food Sales	601,832	-	-	-	617,186	1,219,018
Debt Service	2,851,100	(135,647)	-	(2,440,000)	-	275,453
Capital Outlay	12,658,881	-	(12,658,881)	-	-	-
Total Expenditures	71,856,949	13,904,623	(11,421,986)	(2,440,000)	-	71,899,586
Excess/(Deficiency) of Revenues Over Expenditures	(6,080,111)	(14,106,501)	11,405,148	2,111,246	-	(6,670,218)
Other Financing Sources/(Uses)						
BANS Redeemed from Appropriations	760,000	-	-	(760,000)	-	-
Operating Transfers In	3,356,274	-	-	-	(3,356,274)	-
Operating Transfers Out	(3,356,274)	-	-	-	3,356,274	-
Total Other Financing Sources/(Uses)	760,000	-	-	(760,000)	-	-
Change in Fund Balances	\$ (5,320,111)	\$ (14,106,501)	\$ 11,405,148	\$ 1,351,246	\$ -	\$ (6,670,218)

See accompanying notes to basic financial statements.

# **RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Rondout Valley Central School District (the “School District”), as presently constituted, was established in 1938 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

#### **A. Financial Reporting Entity**

The financial reporting entity consists of (a) the primary government, which is the School District, (b) organizations for which the School District is financially accountable and (c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency, and financial accountability. Based upon the application of these criteria, there are no other entities that should be included in the financial statements.

The School District participates in the Ulster County Board of Cooperative Educational Services (“BOCES”). BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Ulster County BOCES, 175 Route 32 North, New Paltz, New York 12561.

#### **B. District-wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation.

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

The following represents the School District's governmental funds:

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

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

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with federal, State or local funds.

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

The School District has elected to present the Special Aid, School Lunch, and Debt Service funds as major funds.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to judgments and claims, compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued**

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, “Fair Value Measurements and Application” which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the School District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, “Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3”, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's same. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2021.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable mid-September through mid-October. The school taxes from the property owners of the Towns of Marbletown, Rosendale, Rochester and Wawarsing are collected by the School District. Ulster County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued**

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventories** - Inventories in the School Lunch Fund consist of surplus food at a stated value which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by non-spendable fund balance, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by non-spendable fund balance in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives ranging from 5 to 50 years.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the district wide financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued**

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

The School District reported deferred outflows of resources for a deferred loss on refunding bonds. This amount results from the difference in the carrying value of the 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 amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension obligations and other post-employment benefits are detailed in Note X and XI, respectively.

**Long-Term Liabilities** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district wide Statement of Net Position as a long-term liability. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

**Net Position** - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued**

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints, on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to determine the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 10, 2021.

**I. Tax Abatements**

The School District does not have any real property tax abatement agreements exempt under Real Property Tax Law, Section 412-a and General Municipal Law, Section 874.

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

**A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities:**

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

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities - Continued**

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statements of Net Position. In the description below, positive numbers represent increases to the Balance Sheet line items and negative numbers represent decreases.

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 84,600,921
Accumulated Depreciation	(25,789,423)
Capital Assets, Net	<u>\$ 58,811,498</u>

- (2) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds Payable	\$ 6,875,000
Unamortized Bond Premium	57,694
Unamortized BAN Premium	328,754
Compensated Absences	852,754
TRS Net Pension Liability	3,903,682
ERS Net Pension Liability	17,676
Other Postemployment Benefits	180,301,504
	<u>\$ 192,337,064</u>

- (3) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 55,896,617</u>
Deferred Inflows of Resources	<u>\$ 21,019,452</u>

- (4) Workers' compensation costs are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes additional prepaid amounts in the assets of the School District as a whole.

Workers' Compensation - Prepaid Expenses	<u>\$ 242,144</u>
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**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balance and the Statement of Activities**

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- 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 use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 65,776,838
Deferred state grant revenue previously recognized in statement of activities	(201,878)
Loss on disposal of assets	(16,838)
Unamortized BAN premium	(328,754)
Total revenues reported in the Statement of Activities	<u>\$ 65,229,368</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balance and the Statement of Activities - Continued**

Total Expenditures/Expenses

Total expenditures reported in governmental funds \$ 71,856,949

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences changed during the year. (29,688)

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense exceeded the amount of financial resources used during the year. 11,758,220

In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was more than the amount of financial resources expended during the year. 2,373,738

The cost of prepaid assets are generally reported as expenditures in the year they incurred and the assets do not appear on the balance sheet, but the Statement of Net Position includes all prepaid assets of the School District as a whole. This is the amount by which the workers' compensation pool prepaid asset increased during the year. (62,000)

Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the prior year exceeds the interest payable for the current year. (7,125)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$12,658,881 was greater than depreciation expense of \$1,236,895 in the current year. (11,421,986)

Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. (2,440,000)

The loss on refunding and debt premium are deferred and amortized into expense over the life of the debt. This is the current amortization expense for the bond and BAN premiums and the bond refunding loss. (128,522)

Total expenses reported in the Statement of Activities \$ 71,899,586

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Data**

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Final Budgeted amounts are as originally adopted, or as amended by the Board of Education.

**B. Limitation on Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY -CONTINUED**

**C. Property Tax Limitation - Continued**

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

**D. Capital Projects Fund Deficits**

Deficits in individual capital projects sometimes arise either because of expenditures exceeding current financing on the projects or from capital projects exceeding their budgetary authorization. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**E. Excess of Actual Expenditures Over Budget**

The following capital projects exceeded their budgetary provision by the amount indicated creating a deficit in a like amount:

High School Addition	\$	144,857
Smart School Network	\$	378,392
District-Wide Repairs 2020	\$	11,831,526
Concession Stand	\$	12,488
School Lunch Fund	\$	209,534

**IV. CASH**

At June 30, 2021, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$37,074,721 and the bank balance was \$38,259,535. The School District's deposits at June 30, 2021, and during the year ended, were covered by FDIC Insurance or by pledged collateral held by the School District's agent bank in the School District's name, except for \$8,614,213 not held in the School District's name at June 30, 2021. Petty Cash is included in Cash and Cash Equivalents and totaled \$746 at year end.



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**V. INTERFUND ACTIVITY**

The interfund receivables and payables at June 30, 2021 were as follows:

<u>Funds</u>	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General	\$ 3,791,308	\$ 2,551,870
Capital Projects	1,000,000	913,255
Special Aid	-	1,408,117
Debt Service	504,872	85,500
School Lunch	530,297	867,735
	<hr/>	<hr/>
TOTAL	<u>\$ 5,826,477</u>	<u>\$ 5,826,477</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Funds</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General	\$ -	\$ 3,356,274
Debt Service	2,662,600	-
School Lunch	693,674	-
	<hr/>	<hr/>
TOTAL	<u>\$ 3,356,274</u>	<u>\$ 3,356,274</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and School Lunch funds expenditures.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**VI. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 5,272,122	\$ -	\$ -	\$ -	\$ 5,272,122
Construction in Progress	2,207,338	10,595,366	-	(841,330)	11,961,374
Total capital assets, not being depreciated	<u>7,479,460</u>	<u>10,595,366</u>	<u>-</u>	<u>(841,330)</u>	<u>17,233,496</u>
Capital assets, being depreciated:					
Buildings and Improvements	61,739,481	1,829,722	(29,323)	841,330	64,381,210
Machinery and Equipment	4,000,852	233,793	(1,846,992)	-	2,387,653
Vehicles	598,562	-	-	-	598,562
Total capital assets being depreciated	<u>66,338,895</u>	<u>2,063,515</u>	<u>(1,876,315)</u>	<u>841,330</u>	<u>67,367,425</u>
Accumulated depreciation for:					
Buildings and Improvements	(22,539,191)	(1,085,570)	14,750	-	(23,610,011)
Machinery and Equipment	(3,397,050)	(124,354)	1,844,726	-	(1,676,678)
Vehicles	(475,763)	(26,971)	-	-	(502,734)
Total accumulated depreciation	<u>(26,412,004)</u>	<u>(1,236,895)</u>	<u>1,859,476</u>	<u>-</u>	<u>(25,789,423)</u>
Total capital assets, being depreciated, net	<u>39,926,891</u>	<u>826,620</u>	<u>(16,839)</u>	<u>841,330</u>	<u>41,578,002</u>
Governmental activities capital assets, net	<u>\$ 47,406,351</u>	<u>\$ 11,421,986</u>	<u>\$ (16,839)</u>	<u>\$ -</u>	<u>\$ 58,811,498</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 107,262
Instruction	<u>1,129,633</u>
Total Depreciation Expense	<u>\$ 1,236,895</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**VII. SHORT-TERM DEBT**

State law requires that Bond Anticipation Notes (“BANs”) issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is a summary of the School District’s outstanding bond anticipation notes for the year ended June 30, 2021:

Description	Date of Issue	Original Borrowing	Interest Rate	Date of Final Maturity	Outstanding Principal 2021
Improvements to Buildings and Fields	06/29/21	\$30,840,000	1.25%	06/29/22	\$ 30,840,000
Unamortized Premium on BAN					328,754
			TOTAL		<u>\$ 31,168,754</u>

Interest expense on short-term debt recorded during the year was:

Interest Paid	\$ 240,000
Less: BAN Premium Amortization	<u>(166,057)</u>
	<u>\$ 73,943</u>

**VIII. LONG-TERM DEBT**

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

Governmental Activities	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Serial Bonds	\$ 8,555,000	\$ -	\$ (1,680,000)	\$ 6,875,000	\$ 1,685,000
Unamortized Premium on Bonds	72,117	-	(14,423)	57,694	14,423
	<u>8,627,117</u>	<u>-</u>	<u>(1,694,423)</u>	<u>6,932,694</u>	<u>1,699,423</u>
Other liabilities:					
Compensated Absences	882,442	-	(29,688)	852,754	-
ERS Pension Liability	4,616,055	-	(4,598,379)	17,676	-
TRS Pension Liability	(3,755,703)	7,659,385	-	3,903,682	-
Other Postemployment Benefits	<u>188,867,143</u>	<u>-</u>	<u>(8,565,639)</u>	<u>180,301,504</u>	<u>-</u>
Total long-term liabilities	<u>\$ 199,237,054</u>	<u>\$ 7,659,385</u>	<u>\$ (14,888,129)</u>	<u>\$ 192,008,310</u>	<u>\$ 1,699,423</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately.

Each governmental fund's liability for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other post-employment benefit obligations is liquidated by the General Fund.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**VIII. LONG-TERM DEBT**

The following is a summary of the maturity of serial bonds:

	Principal	Interest	Total
2022	\$ 1,685,000	\$ 137,500	\$ 1,822,500
2023	1,720,000	103,800	1,823,800
2024	1,725,000	69,400	1,794,400
2025	1,745,000	34,900	1,779,900
Total	\$ 6,875,000	\$ 345,600	\$ 7,220,600

Interest expense on long-term debt recorded during the year was:

Interest Paid	\$ 171,100
Less: Interest accrued - prior year	(7,125)
Less: Bond Premium Amortization	(14,423)
Plus: Loss on Refunding Amortization	51,958
	<u>\$ 201,510</u>

**IX. JUDGMENTS AND CLAIMS PAYABLE**

The School District participates in a risk pool for workers' compensation claims. This is a public entity risk pool created under Article 5 of Workers' Compensation Law to finance liability and risks related to workers' compensation claims. The risk pool reported a net asset for the year ended December 31, 2020. The School District's share of this asset was \$242,144. The district-wide financial statements reflect this asset. The School District's share of the workers compensation estimated incurred but not reported ("IBNR") as of December 31, 2020 was \$461,402. However, this IBNR does not meet the criteria for reporting it as a liability.

**X. PENSION PLANS**

Plan Description

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS 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/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**X. PENSION PLANS – CONTINUED**

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2021 are as follows:

	<u>Tier/Plan</u>	<u>Rates</u>
ERS	3 A14	15.9%
	3 A15	15.9%
	5 A15	13.3%
	6 A15 41J1	9.4%
	6 A15 41J2	9.4%
TRS	1-6	10.6%

At June 30, 2021, the School District reported the following for its proportionate share of the net pension asset/(liability) for ERS and TRS:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Net Pension asset/(liability)	\$ (17,676)	\$ (3,903,682)
School District's proportion of the net pension asset/(liability)	0.01775200%	0.14127000%

The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2021, the School District recognized pension expense in the district-wide financial statements of \$5,884,450 (\$543,692 for ERS and \$5,340,758 for TRS). Pension expenditures of \$3,049,393 (\$902,171 for ERS and \$2,160,122 for TRS) were recorded in the fund financial statements and were charged to the General and School Lunch Funds.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**X. PENSION PLANS – CONTINUED**

At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 215,876	\$ 3,420,407	\$ 3,636,283
Changes of assumptions	3,250,115	4,937,249	8,187,364
Net difference between projected and actual earnings on pension plan investments	-	2,549,447	2,549,447
Changes in proportion and difference between the District's contributions and proportionate share of contributions	319,884	385,622	705,506
School District's contributions subsequent to the measurement date	237,465	2,163,029	2,400,494
Total	<u>\$ 4,023,340</u>	<u>\$ 13,455,754</u>	<u>\$ 17,479,094</u>

  

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 200,056	\$ 200,056
Changes of assumptions	61,298	1,759,871	1,821,169
Net difference between projected and actual earnings on pension plan investments	5,077,695	-	5,077,695
Changes in proportion and difference between the District's contributions and proportionate share of contributions	19,019	102,082	121,101
Total	<u>\$ 5,158,012</u>	<u>\$ 2,062,009</u>	<u>\$ 7,220,021</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**X. PENSION PLANS – CONTINUED**

Deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	ERS	TRS
2022	\$ (186,664)	\$ 1,605,727
2023	(25,794)	3,154,805
2024	(215,967)	2,589,937
2025	(943,712)	1,593,729
2026	-	78,042
Thereafter	-	208,476
Total	<u>\$ (1,372,137)</u>	<u>\$ 9,230,716</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	ERS March 31, 2021	TRS June 30, 2020
Investment Rate of Return	5.90% compounded annually net of investment expense	7.10% compounded annually net of investment expense
Projected Salary Increases	4.40%	1.9%-4.72%
Cost of Living Adjustments	1.4% annually	1.3% annually
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience Study	June 1, 2009 - June 30, 2014 System's Experience Study
Inflation Rate	2.70%	2.20%
Mortality Improvement	Society of Actuaries Scale MP - 2020	Society of Actuaries Scale MP - 2019

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**X. PENSION PLANS – CONTINUED**

For ERS, 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 return, net of investment expenses 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.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations are summarized below:

Measurement Date	ERS		TRS	
	March 31, 2021		June 30, 2020	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	32%	4.05%	33%	7.10%
International Equity	15%	6.30%	16%	7.70%
Private Equity	10%	6.75%	8%	10.40%
Real Estate	9%	4.95%	11%	6.80%
Domestic Fixed Income Securities	0%	0.00%	16%	1.80%
Global Fixed Income Securities	0%	0.00%	2%	1.00%
High Yield Fixed Income Securities	0%	0.00%	1%	3.90%
Global Equities	0%	0.00%	4%	7.40%
Private Debt	0%	0.00%	1%	5.20%
Real Estate Debt	0%	0.00%	7%	3.60%
Opportunistic Portfolio	3%	4.50%	0%	0.00%
Real Assets	3%	5.95%	0%	0.00%
Bonds and Mortgages	23%	0.00%	0%	0.00%
Cash	1%	0.50%	1%	0.70%
Inflation-indexed Bonds	4%	3.63%	0%	0.00%
Total	100%		100%	



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**X. PENSION PLANS – CONTINUED**

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 6.10% for TRS) or 1 percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
<b>ERS</b>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (4,906,277)	\$ (17,676)	\$ 4,490,758
<b>TRS</b>			
	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (24,658,214)	\$ (3,903,682)	\$ 13,514,630

The components of the collective net pension liability as of the March 31, 2021 ERS measurement date and the June 30, 2020 TRS measurement date were as follows.

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan net position	220,580,583	120,479,505
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.76%

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**X. PENSION PLANS – CONTINUED**

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2021 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2021 were \$237,465 to ERS and \$2,163,029 to TRS.

***Voluntary Defined Contribution Plan***

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participate in the program.

**XI. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)**

**Plan Description**

The School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2021, the following employees were covered by the benefit terms:

Active Employees	377
Inactive Employees currently receiving benefit payments	350
Total Employees Covered by Benefit Terms	<u>727</u>

The School District's total OPEB liability of \$180,301,504 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**XI. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED**

The total OPEB liability as of the June 30, 2021 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.50%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.70% for 2020 decreasing to 4.04% by 2075
Retiree's Share of Benefit Related Costs	Varies depending on age, date of retirement and bargaining unit

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

Mortality rates were based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plan’s mortality experience from calendar years 2008 to 2013.

The actuarial assumptions used in the June 30, 2021 valuation were based on the NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2015 with the exception of mortality rates.

The School District's change in the total OPEB liability for the year ended June 30, 2021 is as follows:

Balance - Beginning	\$	188,867,143
Changes for the Year:		
Service Cost		7,016,714
Interest		4,284,007
Changes of Benefit Terms		(2,027,826)
Differences Between Expected and Actual Experience		(10,914,451)
Changes in Assumptions or Other Inputs		(2,826,895)
Benefit Payments		(4,097,188)
Net Changes		<u>(8,565,639)</u>
Balance - Ending	\$	<u>180,301,504</u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**XI. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED**

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 217,265,356	\$ 180,301,504	\$ 151,392,773

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.7% decreasing to 3.04%) or 1 percentage point higher (6.7% decreasing to 5.04%) than the current healthcare cost trend rates:

	1% Decrease 4.7% decreasing to 3.04%	Healthcare Cost Trend Rate 5.7% decreasing to 4.04%	1% Increase 6.7% decreasing to 5.04%
Total OPEB Liability	\$ 147,423,013	\$ 180,301,504	\$ 223,740,357

For the year ended June 30, 2021, the School District recognized OPEB expense of \$15,621,037 in the district-wide financial statements. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,327,367	\$ (9,095,376)
Changes of Assumptions or other inputs	32,882,322	(4,704,055)
Total	\$ 38,209,689	\$ (13,799,431)

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**XI. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED**

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

	Year Ending June 30,	Amount
	2022	\$ 6,348,142
	2023	6,348,142
	2024	6,742,004
	2025	7,262,196
	2026	(2,290,226)
Total		<u>\$ 24,410,258</u>

**XII. EQUITY**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted:

*Restricted for ERS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York. The restricted net position for ERS Retirement Contributions at June 30, 2020 was \$3,744,536.

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York. The restricted net position for TRS Retirement Contributions at June 30, 2020 was \$924,179.

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of General Municipal Law of the State of New York. The restricted net position for Unemployment Benefits at June 30, 2020 was \$383,765.

*Restricted for Capital Projects* - the component of net position that reports unexpended BAN or bond proceeds. The restricted net position for Capital Projects at June 30, 2021 was \$20,390,909.

*Restricted for Debt Service* - the component of net position that reports assets with constraints placed on their use by Local Finance Law (i.e. unused debt premiums). The restricted net position for Debt Service at June 30, 2021 was \$328,754.

*Restricted for Workers Compensation* - the component of net position that has been established to set aside funds to be used for workers compensation claims. The restricted net position for Workers Compensation at June 30, 2020 was \$250,000.

*Restricted for Employee Benefits* - the component of net position that has been established to set aside funds to be used to pay out accrued leave time to employees retiring/leaving School District service. The restricted net position for Employee Benefits at June 30, 2020 was \$1,119,512.

*Unrestricted* - all other amounts that do not meet the definition of “restricted” or “net investment in capital assets”.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**XII. EQUITY – CONTINUED**

	2021					
	General Fund	Special Aid Fund	Capital Projects Fund	School Lunch Fund	Debt Service Fund	Total
Nonspendable						
Inventories	\$ -	\$ -	\$ -	\$ 33,109	\$ -	\$ 33,109
Prepaid Expenditures	214,790	-	-	-	-	214,790
Total Nonspendable	214,790	-	-	33,109	-	247,899
Restricted						
Employee Benefit Accrued Liability	1,119,512	-	-	-	-	1,119,512
Retirement System Contributions						
ERS Retirement Contribution	3,744,536	-	-	-	-	3,744,536
TRS Retirement Contribution	924,179	-	-	-	-	924,179
Unemployment Benefits	383,765	-	-	-	-	383,765
Workers Compensation	250,000	-	-	-	-	250,000
Debt Service -						
BAN Premium	-	-	-	-	328,754	328,754
Capital Projects - Unexpended BAN Proceeds	-	-	20,390,909	-	-	20,390,909
Total Restricted	6,421,992	-	20,390,909	-	328,754	27,141,655
Assigned						
Purchases on Order						
General Government Support	163,251	-	-	-	-	163,251
Instruction	404,809	-	-	-	-	404,809
Pupil Transportation	485,887	-	-	-	-	485,887
Employee Benefits	27,484	-	-	-	-	27,484
	1,081,431	-	-	-	-	1,081,431
Debt Service	-	-	-	-	2,002,968	2,002,968
Total Assigned	1,081,431	-	-	-	2,002,968	3,084,399
Unassigned	6,214,200	-	(31,698,351)	(242,643)	-	(25,726,794)
Total Fund Balances	\$ 13,932,413	\$ -	\$ (11,307,442)	\$ (209,534)	\$ 2,331,722	\$ 4,747,159

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**XII. CONTINGENCIES**

Tax Certiorari Proceedings

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Risk Management

The School District and other school districts have formed a reciprocal insurance company (the "Company") to be owned by these districts. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery, and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million and an excess catastrophe liability policy with coverage up to \$20 million. The School District maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**XIII. UNCERTAINTIES**

Beginning in March 2020, local, U.S., and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries experienced disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic and its long-term economic ramifications. Accordingly, while management cannot quantify the financial and other impacts to the School District as of November 10, 2021, management believes that a material impact on the School District's financial position and results of future operations is reasonably possible.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**XIV. PRIOR PERIOD ADJUSTMENT**

At the governmental fund level, a prior period adjustment of \$166,057 was recorded to increase the Debt Service fund balance for the premium on the BAN issued in June 2020.

Additionally, the net position as of July 1, 2020 was adjusted as follows:

Net Position as of June 30, 2020	\$ (87,312,464)
Reverse 2020 BAN Interest Accrual	240,000
Adjust Capital Assets	83,584
Net Position as of June 30, 2021	<u><u>\$ (86,988,880)</u></u>

**XV. NEW ACCOUNTING STANDARDS**

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The School District implemented the standard for the year ended June 30, 2021.

In June 2017, GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The School District is required to implement this standard for the year ending June 30, 2022. The School District has not evaluated the effect of GASB 87 on its financial statements.

In March 2018, GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The School District implemented GASB 88 for the year ended June 30, 2021, as required. The implementation did not have a significant impact on the School District's financial statements.

GASB has also issued Statements 89 through 94, 96 and 97, none of which are expected to have any substantive effects on the School District's net position. GASB 95 extended the implementation date of several standards. The dates above are reflective of those changes.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S NET OPEB LIABILITY  
AND RELATED RATIOS**

<u>Total OPEB Liability</u>	6/30/21	6/30/20	6/30/19	6/30/18
Service Cost	\$ 7,016,714	\$ 4,528,002	\$ 2,735,178	\$ 2,853,380
Interest	4,284,007	5,156,342	4,628,623	4,252,784
Change of Benefit Terms	(2,027,826)	-	-	-
Differences Between Expected and Actual Experience	(10,914,451)	43,014	9,272,707	-
Changes in Assumptions or Other Inputs	(2,826,895)	38,633,037	12,472,191	(6,004,537)
Benefit Payments	(4,097,188)	(3,707,216)	(3,491,304)	(2,595,800)
Net Change in Total OPEB Liability	(8,565,639)	44,653,179	25,617,395	(1,494,173)
Total OPEB Liability - Beginning	188,867,143	144,213,964	118,596,569	120,090,742
Total OPEB Liability - Ending (a)	<u>\$ 180,301,504</u>	<u>\$ 188,867,143</u>	<u>\$ 144,213,964</u>	<u>\$ 118,596,569</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	\$ 4,097,188	\$ 3,707,216	\$ 3,491,304	\$ 2,595,800
Benefit Payments	(4,097,188)	(3,707,216)	(3,491,304)	(2,585,800)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 180,301,504</u>	<u>\$ 188,867,143</u>	<u>\$ 144,213,964</u>	<u>\$ 118,596,569</u>
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered Payroll	\$ 29,350,079	\$ 29,821,384	\$ 26,884,664	\$ 29,625,799
Total OPEB Liability as a percentage of covered payroll	614.3%	633.3%	536.4%	400.3%

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

6/30/21	2.16%
6/30/20	2.21%
6/30/19	3.51%

Benefit payments include \$418,421 in estimated implicit liability benefit payments for the year ended June 30, 2021. No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)**  
**AND RELATED RATIOS**

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
<b>ERS</b>					
3/31/2021	0.01775200%	\$ (17,676)	\$ 5,828,700	(0.30%)	99.95%
3/31/2020	0.01743190%	\$ (4,616,055)	\$ 5,841,093	(79.03%)	86.39%
3/31/2019	0.01756070%	\$ (1,244,232)	\$ 5,717,362	(21.76%)	96.27%
3/31/2018	0.01821280%	\$ (587,808)	\$ 5,445,550	(10.79%)	98.24%
3/31/2017	0.01817810%	\$ (1,708,051)	\$ 5,427,044	(31.47%)	94.70%
3/31/2016	0.01855260%	\$ (2,977,747)	\$ 5,448,012	(54.66%)	90.70%
3/31/2015	0.01759460%	\$ (594,388)	\$ 4,823,539	(12.32%)	97.90%

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
<b>TRS</b>					
6/30/2020	0.14127000%	\$ (3,903,682)	\$ 23,147,148	(16.86%)	97.76%
6/30/2019	0.14456100%	\$ 3,755,703	\$ 23,855,122	15.74%	101.53%
6/30/2018	0.14267900%	\$ 2,580,010	\$ 24,712,290	10.44%	101.53%
6/30/2017	0.14505400%	\$ 1,102,557	\$ 23,761,746	4.64%	100.66%
6/30/2016	0.14795500%	\$ (1,584,663)	\$ 23,459,697	(6.75%)	99.01%
6/30/2015	0.14924600%	\$ 15,501,915	\$ 23,261,908	66.64%	110.46%
6/30/2014	0.14890200%	\$ 16,586,705	\$ 22,500,910	73.72%	111.48%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
<b>ERS</b>					
3/31/2021	\$ 886,274	\$ 886,274	\$ -	\$ 5,828,700	15.21%
3/31/2020	\$ 825,764	\$ 825,764	\$ -	\$ 5,841,093	14.14%
3/31/2019	\$ 826,701	\$ 826,701	\$ -	\$ 5,717,362	14.46%
3/31/2018	\$ 877,024	\$ 877,024	\$ -	\$ 5,445,550	16.11%
3/31/2017	\$ 815,966	\$ 815,966	\$ -	\$ 5,427,044	15.04%
3/31/2016	\$ 988,956	\$ 988,956	\$ -	\$ 5,448,012	18.15%
3/31/2015	\$ 975,577	\$ 975,577	\$ -	\$ 4,823,539	20.23%

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
<b>TRS</b>					
6/30/2020	\$ 2,124,456	\$ 2,124,456	\$ -	\$ 23,147,148	10.62%
6/30/2019	\$ 2,731,433	\$ 2,731,433	\$ -	\$ 23,855,122	10.62%
6/30/2018	\$ 2,624,445	\$ 2,624,445	\$ -	\$ 24,712,290	10.62%
6/30/2017	\$ 2,328,651	\$ 2,328,651	\$ -	\$ 23,761,746	9.80%
6/30/2016	\$ 2,749,476	\$ 2,749,476	\$ -	\$ 23,459,697	11.72%
6/30/2015	\$ 3,084,529	\$ 3,084,529	\$ -	\$ 23,261,908	13.26%
6/30/2014	\$ 3,944,410	\$ 3,944,410	\$ -	\$ 22,500,910	17.53%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 38,755,413	\$ 38,755,413	\$ 36,294,193	\$ (2,461,220)
Other Tax Items	125,000	125,000	2,593,481	2,468,481
Charges for Services	481,600	481,600	558,634	77,034
Use of Money and Property	45,000	45,000	48,418	3,418
Sale of Property and Compensation for Loss	29,500	29,500	37,596	8,096
State Aid	22,882,093	22,882,093	22,155,586	(726,507)
Federal Aid	50,000	50,000	504,417	454,417
Miscellaneous	727,000	727,000	1,052,021	325,021
Total Revenues	63,095,606	63,095,606	63,244,346	148,740
Expenditures:				
General Support	6,284,304	6,453,643	3,486,716	2,966,927
Instruction	33,011,339	33,268,175	29,902,589	3,365,586
Pupil Transportation	5,086,466	5,079,466	2,120,761	2,958,705
Employee Benefits	18,586,139	18,590,089	16,318,411	2,271,678
Debt Service	2,748,100	2,748,100	1,000,000	1,748,100
Capital Outlay	91,100	106,818	1,857,001	(1,750,183)
Total Expenditures	65,807,448	66,246,291	54,685,478	11,560,813
Excess/(Deficiency) of Revenues Over Expenditures	(2,711,842)	(3,150,685)	8,558,868	11,709,553
Other Financing Sources/(Uses):				
Operating Transfers In	50,000	50,000	-	(50,000)
Operating Transfers Out	(200,000)	(200,000)	(3,356,274)	(3,156,274)
Total Other Financing Sources/(Uses)	(150,000)	(150,000)	(3,356,274)	(3,206,274)
Net Change in Fund Balance	(2,861,842)	(3,300,685)	5,202,594	8,503,279
Appropriated Fund Balance	2,861,842	3,300,685	-	(3,300,685)
Change in Fund Balance	\$ -	\$ -	\$ 5,202,594	\$ 5,202,594

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
YEAR ENDED JUNE 30, 2021**

Adopted Budget	\$ 66,007,448
Additions:	
Encumbrances from Prior Year	<u>438,843</u>
Original Budget	66,446,291
Budget Amendments - Transfers Out	-
Budget Amendments - Other	<u>-</u>
Final Budget	<u><u>\$ 66,446,291</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
GENERAL FUND  
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
YEAR ENDED JUNE 30, 2021**

2021-2022 Voter-approved expenditure budget maximum allowed	<u>\$ 66,994,479</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 1,081,431
Unassigned Fund Balance	<u>6,214,200</u>
Total Unrestricted Fund Balance	<u>7,295,631</u>
Less:	
Appropriated Fund Balance	-
Encumbrances Included in Assigned Fund Balance	<u>1,081,431</u>
Total Adjustments	<u>1,081,431</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 6,214,200</u></u>
Actual Percentage	<u><u>9.28%</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
PROJECT LENGTH SCHEDULE  
INCEPTION OF PROJECT THROUGH JUNE 30, 2021**

Project	Expenditures and Transfers to Date					Methods of Financing				Fund Balance (Deficit) at June 30, 2021
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Interfund Transfers	Totals	
High School Renovation	\$ 25,247,047	\$ 24,850,876	\$ -	\$ 24,850,876	\$ 396,171	\$ 20,207,763	\$ 871,330	\$ 4,167,954	\$ 25,247,047	\$ 396,171
NYSERDA Grant	233,991	205,413	-	205,413	28,578	-	233,991	-	233,991	28,578
High School Addition	2,181,205	2,326,062	-	2,326,062	(144,857)	2,181,205	-	-	2,181,205	(144,857)
Smart School Network	1,426,380	704,459	50,541	755,000	671,380	-	376,608	-	376,608	(378,392)
District-Wide Repairs 2018	948,000	312,928	-	312,928	635,072	-	-	948,000	948,000	635,072
District-Wide Repairs 2020	61,800,000	2,207,337	12,384,189	14,591,526	47,208,474	760,000	-	2,000,000	2,760,000	(11,831,526)
Concession Stand	250,000	-	12,488	12,488	237,512	-	-	-	-	(12,488)
									-	-
Total	\$ 92,086,623	\$ 30,607,075	\$ 12,447,218	\$ 43,054,293	\$ 49,032,330	\$ 23,148,968	\$ 1,481,929	\$ 7,115,954	\$ 31,746,851	\$ (11,307,442)



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021**

Capital Assets, net		\$	58,811,498
Deductions:			
Short-term Portion of Bonds Payable	1,685,000		
Long-term Portion of Bonds Payable	5,190,000		
Unamortized Portion of Premium on Refunding Bonds	57,694		
Bond Anticipation Notes	31,168,754		
Unspent BAN Proceeds	(20,390,909)		
			<u>17,710,539</u>
Net Investment in Capital Assets		\$	<u><u>41,100,959</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF INDEBTEDNESS**  
**JUNE 30, 2021**

	Year of Issue	Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Refinanced During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Due Within the Next Year
<b><u>BOND ANTICIPATION NOTE</u></b>										
Improvements to Buildings and Fields	2020	2021	2.00%	\$ 12,000,000	\$ -	\$ 760,000	\$ 11,240,000	\$ -	\$ 240,000	\$ -
Improvements to Buildings and Fields	2021	2022	1.25%	-	30,840,000	-	-	30,840,000	-	30,840,000
				<u>12,000,000</u>	<u>30,840,000</u>	<u>760,000</u>	<u>11,240,000</u>	<u>30,840,000</u>	<u>240,000</u>	<u>30,840,000</u>
<b><u>SERIAL BONDS</u></b>										
Advance Refunding	2018	2025	2.00%	8,555,000	-	1,680,000	-	6,875,000	171,100	1,685,000
TOTAL SERIAL BONDS				<u>8,555,000</u>	<u>-</u>	<u>1,680,000</u>	<u>-</u>	<u>6,875,000</u>	<u>171,100</u>	<u>1,685,000</u>
TOTAL INDEBTEDNESS				<u>\$ 20,555,000</u>	<u>\$ 30,840,000</u>	<u>\$ 2,440,000</u>	<u>\$ 11,240,000</u>	<u>\$ 37,715,000</u>	<u>\$ 411,100</u>	<u>\$ 32,525,000</u>

**OTHER REPORTING  
REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education  
Rondout Valley Central School District  
P.O. Box 9  
122 Kyserike Road  
Accord, NY 12404

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rondout Valley Central School District (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 10, 2021.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-01 through 2021-04.

### **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.

*RBT CPAs, LLP*

Newburgh, NY

November 10, 2021



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education  
Rondout Valley Central School District  
P.O. Box 9  
122 Kyserike Road  
Accord, NY 12404

**Report on Compliance for Each Major Federal Program**

We have audited the Rondout Valley Central School District's (the "School District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the School District complied, in all material respects, with the 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, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

*RBT CPAs, LLP*

Newburgh, NY

November 10, 2021

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>				
Passed through New York State Department of Education:				
<i>Child Nutrition Cluster</i>				
National School Lunch Program - Cash	10.555	N/A	\$ -	\$ 197,142
School Breakfast Program	10.553	N/A	-	53,901
Total U.S. Department of Agriculture			-	251,043
<b>U.S. Department of Education:</b>				
Passed through New York State Department of Education:				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-0997	-	594,600
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-21-0997	-	17,977
				612,577
Title I Grants to Local Educational Agencies (LEAs)	84.010 *	0011-20-3120	-	10,002
Title I Grants to Local Educational Agencies (LEAs)	84.010 *	0011-21-3120	-	25,725
Title I Grants to Local Educational Agencies (LEAs)	84.010 *	0021-20-3410	-	11,173
Title I Grants to Local Educational Agencies (LEAs)	84.010 *	0021-21-3410	-	520,178
Supporting Effective Instruction State Grant	84.367	0147-20-3410	-	2,000
Supporting Effective Instruction State Grant	84.367	0147-21-3410	-	60,933
Student Support and Academic Enrichment Grants	84.424	0204-20-3410	-	14,080
Student Support and Academic Enrichment Grants	84.424	0204-21-3410	-	8,986
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act Cluster				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-3435	-	402,660
Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-3435	-	35,104
Total U.S. Department of Education			-	1,703,418
Total All Programs			\$ -	\$ 1,954,461

\* Major Program



**RONDOUT VALLEY CENTRAL SCHOOL**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Rondout Valley Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2021. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

**NOTE 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**NOTE 3 - Reconciliation to Financial Statements**

Federal Expenditures as reported in the Schedule	\$ 1,954,461
Reconciling Item:	
Medicare Reimbursement	<u>66,653</u>
Federal Aid as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance	<u><u>\$ 2,021,114</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

A. Internal Control Findings

None Noted

B. Compliance Findings

None Noted

**RONDOUT VALLEY CENTRAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**I. SUMMARY OF INDEPENDENT AUDIT RESULTS**

Financial Statements

Type of auditors' report the auditor issued:

Unmodified

Internal control over financial reporting:

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

\_\_\_\_\_ Yes  
\_\_\_\_\_ Yes

\_\_\_\_\_ X No  
\_\_\_\_\_ X No

Noncompliance material to financial statements noted?

\_\_\_\_\_ X Yes

\_\_\_\_\_ No

Federal Awards

Internal control over major Federal programs:

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

\_\_\_\_\_ Yes  
\_\_\_\_\_ Yes

\_\_\_\_\_ X No  
\_\_\_\_\_ X No

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

CFDA Number

84.010

Name of Federal Program or Cluster

Title I Grants to Local Educational Agencies (LEAs)

Dollar threshold used to distinguish  
between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ X Yes

\_\_\_\_\_ No

**RONDOUT VALLEY CENTRAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**II. FINANCIAL STATEMENT FINDINGS**

**Compliance Findings**

Finding 2021-01: Collateral

Condition: The School District was not properly collateralized at June 30, 2021.

Criteria: General Municipal Law requires School Districts to have sufficient collateral to cover deposits in excess of FDIC coverage. Although the School District's agent bank pledged collateral, \$8,614,213 was not held in the School District's name.

Cause: The School District never signed the collateral agreement with one of their banks.

Effect: The School District's funds were under-collateralized.

Recommendation: RBT recommends that the School District sign a collateral agreement as soon as possible to ensure that all School District funds are properly collateralized.

Management's

Response: See corrective action plan.

Finding 2021-02: New York State Education Department Requirements

Condition: The School District did not submit its audited financial statements on time.

Criteria: The New York State Office of Audit Services ("OAS") reviews financial statements for School Districts and BOCES to ensure that the statements conform to the major reporting provisions of GASB and require that School Districts other than Buffalo, Rochester, Syracuse, Yonkers and New York City and BOCES submit audited financial statements by October 15.

Cause: The School District did not provide audit documentation in a timely manner.

Effect: The School District was not in compliance with OAS requirements.

Recommendation: RBT recommends that the School District comply with the filing requirements imposed by the State Education Department.

Management's

Response: See corrective action plan.

Finding 2021-03: Unassigned Fund Balance

Condition: The School District's unassigned fund balance as of June 30, 2021, was approximately 9.28% of the 2022 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires that school districts maintain no more than 4% of the subsequent year's budgeted expenditures in unassigned fund balance in the General fund.

Cause: The School District decreased its spending during the year because it was unsure if it would receive all of its state funding.

Effect: The School District was not in compliance with Section 1318 of the NYS Real Property Tax Law.

Recommendation: RBT recommends that the School District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

Management's

Response: See corrective action plan.

**RONDOUT VALLEY CENTRAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Finding 2021-04: Fund Balance Deficit

Condition: The School District's School Lunch fund balance reported a deficit of \$209,534 as of June 30, 2021.

Criteria: The School District should provide sufficient revenues to cover the School Lunch Fund expenditures.

Cause: The School Lunch Fund revenues were insufficient to cover all the fund's expenditures.

Effect: The School District is incurring deficits which should be covered by the General Fund. The General Fund's fund balance is therefore overstated by the amount of the subsidy to be provided to the School Lunch Fund.

Recommendation: RBT recommends that the School District maintain a positive unassigned fund balance in the School Lunch Fund by transferring sufficient revenues to the School Lunch Fund during the year such that the fund does not report a deficit.

Management's

Response: See corrective action plan.

**III. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None Noted

**RONDOUT VALLEY CENTRAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT**

PO Box 9, Accord, NY 12404

Dr. Joseph Morgan  
Superintendent of Schools  
(845) 687-2400 Ext. 4802

Mrs. Lisa I. Pacht  
Assistant Superintendent of Schools & Operations  
(845) 687-2400 Ext. 4805

Mrs. Deanna Rosinski  
School Business Official  
(845) 687-2400 Ext. 4812

Ms. Megan Braren  
Director of Pupil Personnel Services  
(845) 687-2400 Ext. 4863

November 15, 2021

RBT CPAs, LLP  
11 Raquet Road  
Newburgh, NY 12550

To Whom It May Concern:

The following is in response to your comments on the audit of the Rondout Valley Central School District for the year ending June 30, 2021.

**Collateral:** The District was not aware that the proper paperwork had not been filed with the bank for collateralization. The Business Official has worked with the bank to establish an appropriate collateral agreement. This agreement was signed by the District Board President on November 5, 2021 and the Business Official will ensure that we receive a fully executed copy by the end of November 2021.

**Unassigned Fund Balance:** The District reduced spending in the 2020-21 fiscal year to balance the threats of state aid revenue reductions. The District will adopt a fund balance policy and develop a long-term plan for reserve funding by June 2022 to reduce the District's unassigned fund balance.

**New York State Education Department Requirements:** The District will ensure the audit firm completes the 2021-2022 audit of the financial statements on-time. We will assist by ensuring all the documents provided to the audit firm are submitted by October 15, 2022.

**Food Service Fund Deficit:** The District has been taking steps to lower employee benefits in the Food Service Fund to balance operating results. We will continue to search for methods to decrease expenditures and increase revenues to balance operations for June 30, 2022.

Sincerely,

Deanna Rosinski  
School Business Official

**EXTRACLASSROOM  
ACTIVITIES FUND**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Rondout Valley Central School District  
P.O. Box 9  
122 Kyserike Road  
Accord, NY 12404

We have audited the accompanying financial statements of the Rondout Valley Central School District's extraclassroom activity funds, which comprise the statement of assets, liabilities, and fund balance – cash basis as of June 30, 2021, and the related statement of receipts and disbursements – cash basis for the year then ended, and the related notes to financial statement.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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



**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance of the extraclassroom activity funds of the Rondout Valley Central School District, as of June 30, 2021, and its receipts and disbursements for the year then ended, in accordance with the basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*RBT CPAs, LLP*

Newburgh, NY

November 10, 2021

**ROUNDOUT VALLEY CENTRAL SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUNDS  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
JUNE 30, 2021**

	<u>ASSETS</u>	
Cash		<u>\$ 54,546</u>
	<u>FUND BALANCE</u>	
Fund Balance, Beginning of Year		\$ 58,652
Excess of Disbursements Over Receipts		<u>(4,106)</u>
Fund Balance, End of Year		<u>\$ 54,546</u>

See accompanying notes to basic financial statement

**ROUNDOUT VALLEY CENTRAL SCHOOL DISTRICT**  
**EXTRACURRICULAR ACTIVITY FUNDS**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balances				Cash Balances
	Beginning	Receipts	Disbursements		Ending
<b>HIGH SCHOOL</b>					
Class of 2019	\$ 500	\$ -	\$ -	\$	500
Class of 2020	9,392	-	5,506		3,886
Class of 2021	4,217	4,673	3,947		4,943
Class of 2022	7,425	-	-		7,425
Class of 2023	500	3,393	1,807		2,086
Class of 2024	-	-	-		-
Council Fires	10,056	1,251	-		11,307
Interest Earned	672	15	-		687
National Honor Society	1,990	-	1,200		790
Student Congress	12,855	-	1,327		11,528
Synthesis/Diversity	257	-	-		257
Paws Club	96	-	-		96
Human Rights Club	55	678	332		401
Total High School	48,015	10,010	14,119		43,906
<b>MIDDLE SCHOOL</b>					
4-5-6 Student Council	9,388	264	-		9,652
7-8 Student Council	130	264	-		394
Diversity	529	-	529		-
Interest Earned	41	4	-		45
Memory Book	549	-	-		549
Total Middle School	10,637	532	529		10,640
Total All Schools	\$ 58,652	\$ 10,542	\$ 14,648	\$	54,546

See accompanying notes to basic financial statement

**ROUNDOUT VALLEY CENTRAL SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the extraclassroom activity funds are considered part of the reporting entity of the Rondout Valley Central School District, New York (the "School District"). These funds are reflected in the financial statements of the School District within the General Fund.

**Basis of Accounting**

This financial statement was prepared on the cash basis of accounting as prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposits accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The extraclassroom activity funds investment and deposit policies follow the School District's policies. The School District's investment and deposit policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposits accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 72, "Fair Value Measurement and Application", which defines fair value and establishes a fair value hierarchy organized into 3 levels based on the input assumptions used in pricing levels. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted price for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent observable inputs do not exist.

**Risk Disclosure**

**Interest Rate Risk** – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term obligation.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institutions trust department but not in the School District's name. The Extraclassroom Activity Funds' aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2021.

**ROUNDOUT VALLEY CENTRAL SCHOOL DISTRICT  
EXTRACURRICULAR ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Credit Risk** – Credit Risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the School District's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** – Concentration of credit risk is attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.