

FINANCIAL REPORT
AUDITED

RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
For the Year Ended June 30, 2023

Audited for:

Board of Education
RONDOUT VALLEY CENTRAL SCHOOL DISTRICT

Audited By:

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
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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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues and expenditures compared to budget, schedule of changes in the School District's net OPEB liability and related ratios, schedule of the School District's proportionate share of the net pension asset/(liability) and related ratios, and schedule of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, the Schedule of Net Investment in Capital Assets and Capital Projects Fund-Project Length Schedule but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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

February 15, 2024

**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, 2023. 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 \$3,002,333. This amount was 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 \$(23,389,356), a decrease of \$14,059,514 during the current fiscal year. This decrease is due largely to District-wide repair 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 \$89,026,346. The School District's total net position increased by \$2,154,616 for the year ended June 30, 2023.
- For the year ending June 30, 2023, the School District recorded a liability of \$125,562,713 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 parts 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 financial statements for the governmental 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 DISCTRICT'S NET POSITION

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 39,720,349	\$ 68,990,484	\$ (29,270,135)	-42.43%
Capital Assets, Net	92,059,407	65,239,245	26,820,162	41.11%
Total Assets	131,779,756	134,229,729	(2,449,973)	-1.83%
Deferred Outflows of Resources				
Pensions	17,198,202	16,767,363	430,839	2.57%
Other Postemployment Benefits	19,350,873	28,964,803	(9,613,930)	-33.19%
Bond Refunding	103,918	155,876	(51,958)	-33.33%
Total Deferred Outflows of Resources	36,652,993	45,888,042	(9,235,049)	-20.13%
Current Liabilities	64,628,973	55,861,701	8,767,272	15.69%
Long-Term Liabilities	135,184,362	152,201,529	(17,017,167)	-11.18%
Total Liabilities	199,813,335	208,063,230	(8,249,895)	-3.97%
Deferred Inflows of Resources				
Pensions	1,577,327	30,781,851	(29,204,524)	-94.88%
Other Postemployment Benefits	56,068,433	43,381,038	12,687,395	29.25%
Total Deferred Inflows of Resources	57,645,760	74,162,889	(16,517,129)	-22.27%
Net Position:				
Net Investment in Capital Assets	43,916,213	35,611,356	8,304,857	23.32%
Restricted	27,348,965	10,546,221	16,802,744	159.32%
Unrestricted	(160,291,524)	(148,265,925)	(12,025,599)	-8.11%
Total Net Position	\$ (89,026,346)	\$ (102,108,348)	\$ 13,082,002	12.81%

**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, \$43,916,213 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. Net position subject to external restrictions total \$27,348,865. The remaining balance is an unrestricted deficit of \$(160,291,524), 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, 2023, the School District reported a net pension liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This 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 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 \$(160,291,524) continues to be the result of recognizing the liability for Other Postemployment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2022-2023 fiscal year, this OPEB liability decreased by a net amount of \$22,157,274.

**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

	2023	%	2022	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,560,101	24.78%	\$ 599,697	11.30%	\$ 960,404	160.15%
Operating Grants and Contributions	4,735,164	75.22%	4,709,250	88.70%	25,914	0.55%
Total Program Revenue	6,295,265	100.00%	5,308,947	100.00%	986,318	18.58%
General Revenues:						
Real Property Taxes	40,068,760	58.21%	37,807,966	59.15%	2,260,794	5.98%
Other Tax Items	2,405,369	3.49%	2,519,814	3.94%	(114,445)	-4.54%
Use of Money and Property	946,177	1.37%	40,980	0.06%	905,197	2208.88%
Sales of Property and Compensation for Loss	44,016	0.06%	122,262	0.19%	(78,246)	-64.00%
Loss on Disposal of Assets	(96,969)	-0.14%	(12,199)	-0.02%	(84,770)	100.00%
Unrestricted State Aid	24,565,203	35.69%	22,795,018	35.66%	1,770,185	7.77%
Miscellaneous	905,500	1.32%	657,956	1.03%	247,544	37.62%
Total General Revenues	68,838,056	100.00%	63,931,797	100.00%	4,906,259	7.67%
Total Revenues	75,133,321		69,240,744		5,892,577	8.51%
Program Expenses:						
General Support	10,604,628	14.53%	19,051,389	24.84%	(8,446,761)	-44.34%
Instruction	54,300,275	74.41%	52,418,559	68.35%	1,881,716	3.59%
Pupil Transportation	5,466,144	7.49%	3,680,739	4.80%	1,785,405	48.51%
School Lunch Program	1,097,451	1.50%	1,307,526	1.71%	(210,075)	-16.07%
Interest on Debt, net loss of refunding	1,510,207	2.07%	231,781	0.30%	1,278,426	551.57%
Total Expenses	72,978,705	100.00%	76,689,994	100.00%	\$ (3,711,289)	-4.84%
Increase/(Decrease) in Net Position	\$ 2,154,616		\$ (7,449,250)			

**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 2022-23 are as follows:

Revenues:

- Real property taxes increased by over \$2,200,000.
- Unrestricted State Aid increased by over \$1,700,000 due to the increase in basic formula aid and lottery aid.

Expenses:

- General Support decreased by \$8,446,761 mainly due to a decrease in Capital Project costs.
- Instructional Program expenses increased by over \$1,800,000. This increase is mainly due to an increase in employee benefit costs.
- Pupil Transportation expenses increased by over \$1,700,000. This increase was due to increased costs of the annual busing contract.
- Interest expense increased by over \$1,200,000 due to BAN interest.

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 \$(23,389,356) a decrease of \$14,059,514 from the prior year. \$1,279,667 constitutes General Fund assigned fund balance, of which \$755,411 is assigned for the 2023-2024 budget and \$524,256 is assigned for purchase orders. 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 \$2,529,342, for General Fund employment benefits of \$1,130,706, for workers compensation of \$252,500, for retirement contributions of \$4,715,402, for unemployment benefits of \$387,603, and for future Capital Projects of \$6,772,239.

The summary of the combined fund balances are as follows:

Nonspendable	\$	905,493
Restricted		27,348,965
Assigned		1,279,667
Unassigned		(52,923,481)

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 \$17,946,577 of which \$3,002,333 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 \$1,838,543 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, 2023, the School District had \$92,059,407 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 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, 2023, the School District had \$59,808,285 in total debt outstanding. This amount includes \$597,446 of unamortized bond and BAN premiums.

Pension

At June 30, 2023, the School District reported a liability of \$3,993,230 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The TRS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. At June 30, 2023 the School District reported a liability of \$2,652,881 for its proportionate share of the net pension liability of TRS.

More detailed information about the School District's capital assets, long-term debt, and benefit obligations 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, 2023**

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,194,178
Restricted Cash	27,348,965
State and Federal Aid Receivable	571,850
Due from Other Governments	3,343,509
Inventories	1,435
Prepaid Expenses	1,260,412
	<u>39,720,349</u>
Capital Assets, not being depreciated	35,207,814
Capital Assets, being depreciated - net	56,851,593
Total Capital Assets, net (Note VI)	<u>92,059,407</u>
Total Assets	<u>131,779,756</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note X)	17,198,202
Other Postemployment Benefits (Note XI)	19,350,873
Loss on Bond Refunding	103,918
Total Deferred Outflows of Resources	<u>36,652,993</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>168,432,749</u>
LIABILITIES	
Accounts Payable	3,071,996
Accrued Liabilities	86,530
Due to Other Governments	335,433
Due to Retirement Systems	3,076,021
Bond Anticipation Notes (Note VII)	56,245,232
Non-Current Liabilities:	
Due and Payable Within One Year:	
Bonds Payable, Net of Bond Premium (Note VIII)	1,739,423
Lease Purchase Agreement (Note VIII)	48,071
Due and Payable More Than One Year:	
TRS Net Pension Liability-Proportionate Share (Note X)	2,652,881
ERS Net Pension Liability-Proportionate Share (Note X)	3,993,230
Bonds Payable, Net of Bond Premium (Note VIII)	1,759,425
Lease Purchase Agreement (Note VIII)	16,134
Compensated Absences (Note VIII)	1,199,979
Other Postemployment Benefits (Note XI)	125,562,713
Total Liabilities	<u>199,813,335</u>
DEFERRED INFLOWS OF RESOURCES	
Pension (Note X)	1,577,327
Other Postemployment Benefits (Note XI)	56,068,433
Total Deferred Inflows of Resources	<u>57,645,760</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>257,459,095</u>
NET POSITION	
Net Investment in Capital Assets	43,916,213
Restricted	27,348,965
Unrestricted	(160,291,524)
Total Net Position	<u>\$ (89,026,346)</u>

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
<u>FUNCTIONS/PROGRAMS</u>				
Primary Government:				
Governmental Activities:				
General Support	\$ (10,604,628)	\$ 99,127	\$ -	\$ (10,505,501)
Instruction	(54,300,275)	1,217,450	4,141,976	(48,940,849)
Pupil Transportation	(5,466,144)	-	-	(5,466,144)
School Lunch Program	(1,097,451)	243,524	593,188	(260,739)
Interest on Debt	(1,510,207)	-	-	(1,510,207)
Total Primary Government	<u>\$ (72,978,705)</u>	<u>\$ 1,560,101</u>	<u>\$ 4,735,164</u>	<u>\$ (66,683,440)</u>
General Revenues:				
Real Property Taxes				40,068,760
Other Tax Items:				
School Tax Relief Reimbursement				2,217,639
Interest and Penalties on Real Property Taxes				187,730
Use of Money and Property				946,177
Sale of Property and Compensation for Loss				44,016
Loss on Disposal of Assets				(96,969)
Unrestricted State Aid				24,565,203
Miscellaneous				905,500
Total General Revenues				<u>68,838,056</u>
Change in Net Position				<u>2,154,616</u>
Net Position - Beginning				(102,108,348)
Prior Period Adjustment (XV)				10,927,386
Net Position - Beginning, as restated				<u>(91,180,962)</u>
Net Position - Ending				<u>\$ (89,026,346)</u>

See accompanying notes to basic financial statements.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 3,082,967	\$ 192,121	\$ -	\$ 196,305	\$ 3,722,785	\$ 7,194,178
Restricted Cash	13,258,450	-	11,561,173	-	2,529,342	27,348,965
State and Federal Aid Receivable	571,850	-	-	-	-	571,850
Due from Other Governments	1,414,960	1,888,958	-	39,591	-	3,343,509
Due from Other Funds (Note V)	4,712,405	135,349	1,460,000	-	2,715	6,310,469
Inventories	-	-	-	1,435	-	1,435
Prepaid Expenditures	406,127	-	497,931	-	-	904,058
Total Assets	\$ 23,446,759	\$ 2,216,428	\$ 13,519,104	\$ 237,331	\$ 6,254,842	45,674,464
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 1,433,116	\$ 240,132	\$ 1,278,154	\$ 120,594	\$ -	3,071,996
Accrued Liabilities	80,632	5,898	-	-	-	86,530
Unearned Revenues	442,379	64,358	-	-	-	506,737
Due to Other Funds (Note V)	143,524	1,906,040	281,887	253,518	3,725,500	6,310,469
Due to Other Governments	334,949	-	-	484	-	335,433
Due to Retirement Systems	3,065,582	-	-	10,439	-	3,076,021
Bond Anticipation Note Payable	-	-	55,676,634	-	-	55,676,634
Total Liabilities	5,500,182	2,216,428	57,236,675	385,035	3,725,500	69,063,820
Fund Balances:						
Nonspendable	406,127	-	497,931	1,435	-	905,493
Restricted	13,258,450	-	11,561,173	-	2,529,342	27,348,965
Assigned	1,279,667	-	-	-	-	1,279,667
Unassigned	3,002,333	-	(55,776,675)	(149,139)	-	(52,923,481)
Total Fund Balances	17,946,577	-	(43,717,571)	(147,704)	2,529,342	(23,389,356)
Total Liabilities and Fund Balances	\$ 23,446,759	\$ 2,216,428	\$ 13,519,104	\$ 237,331	\$ 6,254,842	\$ 45,674,464

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, 2023**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 7,194,178	\$ -	\$ -	\$ 7,194,178
Restricted Cash	27,348,965	-	-	27,348,965
State and Federal Aid Receivable	571,850	-	-	571,850
Due From Other Governments	3,343,509	-	-	3,343,509
Due From Other Funds	6,310,469	-	(6,310,469)	-
Inventories	1,435	-	-	1,435
Prepaid Expenditures	904,058	356,354	-	1,260,412
Capital Assets, net	-	92,059,407	-	92,059,407
Total Assets	45,674,464	92,415,761	(6,310,469)	131,779,756
Deferred Outflows of Resources - Pension	-	17,198,202	-	17,198,202
Deferred Outflows of Resources - OPEB	-	19,350,873	-	19,350,873
Deferred Outflows of Resources - Bond Refunding	-	103,918	-	103,918
Total Assets and Deferred Outflows	\$ 45,674,464	\$ 129,068,754	\$ (6,310,469)	\$ 168,432,749
LIABILITIES				
Accounts Payable	\$ 3,071,996	\$ -	\$ -	\$ 3,071,996
Accrued Liabilities	86,530	-	-	86,530
Unearned Revenues	506,737	(480,470)	-	26,267
Due to Other Funds	6,310,469	-	(6,310,469)	-
Due to Other Governments	335,433	-	-	335,433
Due to Retirement Systems	3,076,021	-	-	3,076,021
Bond Anticipation Note Payable	55,676,634	568,598	-	56,245,232
Bonds Payable	-	3,470,000	-	3,470,000
Unamortized Bond Premium	-	28,848	-	28,848
Lease Purchase Agreement	-	64,205	-	64,205
TRS Net Pension Liability-Proportionate Share	-	2,652,881	-	2,652,881
ERS Net Pension Liability-Proportionate Share	-	3,993,230	-	3,993,230
Compensated Absences	-	1,199,979	-	1,199,979
Other Postemployment Benefits	-	125,562,713	-	125,562,713
Total Liabilities	69,063,820	137,059,984	(6,310,469)	199,813,335
Deferred Inflows of Resources - Pension	-	1,577,327	-	1,577,327
Deferred Inflows of Resources - OPEB	-	56,068,433	-	56,068,433
Total Liabilities and Deferred Inflows	69,063,820	194,705,744	(6,310,469)	257,459,095
Total Fund Balances	(23,389,356)	(65,636,990)	-	(89,026,346)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 45,674,464	\$ 129,068,754	\$ (6,310,469)	\$ 168,432,749

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, 2023**

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
Revenues:						
Real Property Taxes	\$ 40,068,760	\$ -	\$ -	\$ -	\$ -	\$ 40,068,760
Other Tax Items	2,405,369	-	-	-	-	2,405,369
Charges for Services	836,107	-	-	-	-	836,107
Use of Money and Property	657,074	-	-	1,915	287,188	946,177
Sale of Property and Compensation for Loss	44,016	-	-	-	-	44,016
State Aid	24,800,911	810,436	-	10,790	-	25,622,137
Federal Aid	81,874	3,013,958	-	582,398	-	3,678,230
Food Sales	-	-	-	243,524	-	243,524
Miscellaneous	905,450	-	-	50	568,598	1,474,098
Total Revenues	<u>69,799,561</u>	<u>3,824,394</u>	<u>-</u>	<u>838,677</u>	<u>855,786</u>	<u>75,318,418</u>
Expenditures:						
General Support	5,998,409	1,156,574	279,172	-	-	7,434,155
Instruction	33,492,094	2,667,820	-	-	-	36,159,914
Pupil Transportation	5,348,809	-	-	-	-	5,348,809
Employee Benefits	17,644,261	-	-	296,053	-	17,940,314
Cost of Food Sales	-	-	-	799,107	-	799,107
Debt Service	48,505	-	-	-	4,982,100	5,030,605
Capital Outlay	150,709	-	17,974,319	-	-	18,125,028
Total Expenditures	<u>62,682,787</u>	<u>3,824,394</u>	<u>18,253,491</u>	<u>1,095,160</u>	<u>4,982,100</u>	<u>90,837,932</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>7,116,774</u>	<u>-</u>	<u>(18,253,491)</u>	<u>(256,483)</u>	<u>(4,126,314)</u>	<u>(15,519,514)</u>
Other Financing Sources/(Uses):						
BANs Redeemed from Appropriations	-	-	1,460,000	-	-	1,460,000
Operating Transfers In	-	-	-	250,000	5,028,231	5,278,231
Operating Transfers Out	(5,278,231)	-	-	-	-	(5,278,231)
Total Other Financing Sources/(Uses)	<u>(5,278,231)</u>	<u>-</u>	<u>1,460,000</u>	<u>250,000</u>	<u>5,028,231</u>	<u>1,460,000</u>
Change in Fund Balances	<u>1,838,543</u>	<u>-</u>	<u>(16,793,491)</u>	<u>(6,483)</u>	<u>901,917</u>	<u>(14,059,514)</u>
Fund Balances - Beginning, as previously stated	13,423,516	-	(26,924,080)	(161,752)	3,892,925	(9,769,391)
Prior Period Adjustment (Note XV)	2,684,518	-	-	20,531	(2,265,500)	439,549
Fund Balances - Beginning, as restated	<u>16,108,034</u>	<u>-</u>	<u>(26,924,080)</u>	<u>(141,221)</u>	<u>1,627,425</u>	<u>(9,329,842)</u>
Fund Balances - Ending	<u>\$ 17,946,577</u>	<u>\$ -</u>	<u>\$ (43,717,571)</u>	<u>\$ (147,704)</u>	<u>\$ 2,529,342</u>	<u>\$ (23,389,356)</u>

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, 2023**

	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	\$ 40,068,760	\$ -	\$ -	\$ -	\$ -	\$ 40,068,760
Other Tax Items	2,405,369	-	-	-	-	2,405,369
Charges for Services	836,107	480,470	-	-	-	1,316,577
Use of Money and Property	946,177	-	-	-	-	946,177
Sale of Property and Compensation for Loss	44,016	-	-	-	-	44,016
Loss on Disposal of Assets	-	-	(96,969)	-	-	(96,969)
State Aid	25,622,137	-	-	-	-	25,622,137
Federal Aid	3,678,230	-	-	-	-	3,678,230
Food Sales	243,524	-	-	-	-	243,524
Miscellaneous	1,474,098	-	-	(568,598)	-	905,500
Total Revenues	75,318,418	480,470	(96,969)	(568,598)	-	75,133,321
Expenditures:						
General Support	7,434,155	-	170,395	-	3,000,078	10,604,628
Instruction	36,159,914	-	1,609,953	-	16,530,408	54,300,275
Pupil Transportation	5,348,809	-	27,169	-	90,166	5,466,144
Employee Benefits	17,940,314	1,978,682	-	-	(19,918,996)	-
Cost of Food Sales	799,107	-	-	-	298,344	1,097,451
Debt Service	5,030,605	(292,820)	-	(3,227,578)	-	1,510,207
Capital Outlay	18,125,028	-	(18,125,028)	-	-	-
Total Expenditures	90,837,932	1,685,862	(16,317,511)	(3,227,578)	-	72,978,705
Excess/(Deficiency) of Revenues Over Expenditures	(15,519,514)	(1,205,392)	16,220,542	2,658,980	-	2,154,616
Other Financing Sources/(Uses)						
BANS Redeemed from Appropriations	1,460,000	-	-	(1,460,000)	-	-
Operating Transfers In	5,278,231	-	-	-	(5,278,231)	-
Operating Transfers Out	(5,278,231)	-	-	-	5,278,231	-
Total Other Financing Sources/(Uses)	1,460,000	-	-	(1,460,000)	-	-
Change in Fund Balances	\$ (14,059,514)	\$ (1,205,392)	\$ 16,220,542	\$ 1,198,980	\$ -	\$ 2,154,616

See accompanying notes to basic financial statements.

**RONDOT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Extraclassroom Activity Funds
ASSETS	
Cash and Cash Equivalents	\$ 52,992
Total Assets	<u>52,992</u>
NET POSITION	
Student Activity Funds	<u>52,992</u>
Total Net Position	<u><u>\$ 52,992</u></u>

**RONDOT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Extraclassroom Activity Funds
ADDITIONS	
Contributions	\$ 75,951
Interest Earned	619
Total Additions	<u>76,570</u>
DEDUCTIONS	
Scholarships and Activities	<u>73,611</u>
Total Deductions	<u>73,611</u>
Change in Fiduciary Net Position	2,959
Net Position - Beginning of Year	50,033
Net Position - End of Year	<u><u>\$ 52,992</u></u>

**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.

The Extraclassroom Activity Funds of the Rondout Valley Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are available. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. District-wide Financial Statements (Continued)

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.

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

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)

C. Fund Financial Statements – (Continued)

Fund Categories – (Continued)

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

The School District reports the following fiduciary funds:

- a. Custodial Funds - These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust funds.

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.

**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)

Cash and Equivalents, Investments and Risk Disclosure – (Continued)

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.

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, 2023.

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 Marletown, Rosendale, Rochester and Wawarsing are collected by the School District. Ulster County guarantees the full payment of the School District tax warrant and assumes responsibility for uncollected taxes.

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.

**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)

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, 2023, 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 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.

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 February 15, 2024.

I. Tax Abatements

The School District enters into real property tax abatement agreements with local businesses under Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the “Act”). Under the Act, localities may grant property tax abatements for a business’ property tax bill for the purpose of attracting or retaining business within their jurisdiction. The abatements may be granted to any business located within or promising to relocate within the School District’s property limits.

For the fiscal year ended June 30, 2023, the District abated property taxes totaling \$62,353 under this program. The PILOTs received by the School District amounted to \$34,039.

AGREEMENT	START	TOTAL ASSESSMENT	TAX RATE	TAX VALUE	PILOT RECEIVED	2023 TAXES ABATED
INNESS NY LLC	2020	\$ 4,060,000	18.206462	\$ 73,918	\$ 24,670	\$ 49,248
CES Marbletown Solar, LLC	2020/21	\$ 653,500	18.726642	\$ 12,238	\$ 9,369	\$ 2,869
CES Marbletown Solar, LLC	2020/21	\$ 546,600	18.726642	\$ 10,236	\$ -	\$ 10,236
				\$ 96,392	\$ 34,039	\$ 62,353

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	\$ 120,790,678
Accumulated Depreciation	<u>(28,731,271)</u>
Capital Assets, Net	<u>\$ 92,059,407</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	\$ 3,470,000
Unamortized Bond Premium	28,848
Unamortized BAN Premium	568,598
Compensated Absences	1,199,979
Other Postemployment Benefits	125,562,713
Lease Purchase Agreement	64,205
TRS Net Pension Liability	2,652,881
ERS Net Pension Liability	3,993,230
	<u>\$ 137,540,454</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>\$ 36,652,993</u>
Deferred Inflows of Resources	<u>\$ 57,645,760</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>\$ 356,354</u>
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- (5) Deferred inflows related to receivables are reported on the accrual basis in the Statement of Net Position, but on the modified accrual basis in the governmental funds. The adjustments between the two bases at year end were:

Unearned Revenues	<u>\$ (480,470)</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	\$ 75,318,418
Loss on disposal of assets	(96,969)
Recognize revenue deferred at the Fund level	480,470
Unamortized BAN premium	<u>(568,598)</u>
Total revenues reported in the Statement of Activities	<u><u>\$ 75,133,321</u></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 \$ 90,837,932

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. 217,285

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. 144,051

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 exceeded the amount of financial resources expended during the year. 1,646,903

The cost of prepaid assets are generally reported as expenditures in the year they are 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. (29,557)

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 \$18,125,028 was greater than depreciation expense of \$1,807,517 in the current year. (16,317,511)

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. (3,227,578)

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. (292,820)

Total expenses reported in the Statement of Activities \$ 72,978,705

**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.

IV. CASH

At June 30, 2023, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$34,543,143 and the bank balance was \$35,703,337. The School District's deposits at June 30, 2023, 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. Petty Cash is included in Cash and Cash Equivalents and totaled \$909 at year end.

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

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2023 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 4,712,405	\$ 143,524
Capital Projects	1,460,000	281,887
Special Aid	135,349	1,906,040
Debt Service	2,715	3,725,500
School Lunch	-	253,518
	<hr/>	<hr/>
TOTAL	<u>\$ 6,310,469</u>	<u>\$ 6,310,469</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, 2023 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 5,278,231
Debt Service	5,028,231	-
School Lunch	250,000	-
	<hr/>	<hr/>
TOTAL	<u>\$ 5,278,231</u>	<u>\$ 5,278,231</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Debt Service 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, 2023 were as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,272,122	\$ -	\$ -	\$ 5,272,122
Construction in Progress	11,961,373	17,974,319	-	29,935,692
Total capital assets, not being depreciated	<u>17,233,495</u>	<u>17,974,319</u>	<u>-</u>	<u>35,207,814</u>
Capital assets, being depreciated:				
Buildings and Improvements	82,120,199	-	-	82,120,199
Machinery and Equipment	2,836,070	4,375	(22,376)	2,818,069
Vehicles	740,508	146,334	(242,246)	644,596
Total capital assets being depreciated	<u>85,696,777</u>	<u>150,709</u>	<u>(264,622)</u>	<u>85,582,864</u>
Accumulated depreciation for:				
Buildings and Improvements	(24,818,629)	(1,533,832)	-	(26,352,461)
Machinery and Equipment	(1,739,186)	(215,302)	19,264	(1,935,224)
Vehicles	(533,592)	(58,383)	148,389	(443,586)
Total accumulated depreciation	<u>(27,091,407)</u>	<u>(1,807,517)</u>	<u>167,653</u>	<u>(28,731,271)</u>
Total capital assets, being depreciated, net	<u>58,605,370</u>	<u>(1,656,808)</u>	<u>(96,969)</u>	<u>56,851,593</u>
Governmental activities capital assets, net	<u>\$ 75,838,865</u>	<u>\$ 16,317,511</u>	<u>\$ (96,969)</u>	<u>\$ 92,059,407</u>

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

Governmental Activities:	
General Government	\$ 170,395
Instruction	1,609,953
Transportation	<u>27,169</u>
Total Depreciation Expense	<u>\$ 1,807,517</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, 2023:

Description	Date of Issue	Original Borrowing	Interest Rate	Date of Final Maturity	Outstanding Principal 2022
Improvements to Buildings and Fields	06/27/23	\$55,676,634	4.50%	06/27/24	\$ 55,676,634
Unamortized Premium on BAN	06/27/23	\$55,676,634	N/A	06/27/24	568,598
			TOTAL		<u>\$ 56,245,232</u>

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

Interest Paid	\$ 1,698,300
Less: BAN Premium Amortization	<u>(330,355)</u>
	<u>\$ 1,367,945</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	\$ 5,190,000	\$ -	\$ (1,720,000)	\$ 3,470,000	\$ 1,725,000
Lease Purchase Agreement	111,783	-	(47,578)	64,205	48,071
Unamortized Premium on Bonds	43,271	-	(14,423)	28,848	14,423
	<u>5,233,271</u>	<u>-</u>	<u>(1,782,001)</u>	<u>3,563,053</u>	<u>1,787,494</u>
Other liabilities:					
Compensated Absences	982,694	217,285	-	1,199,979	-
Other Postemployment Benefits	<u>147,719,987</u>	<u>-</u>	<u>(22,157,274)</u>	<u>125,562,713</u>	<u>-</u>
Total long-term liabilities	<u>\$ 153,935,952</u>	<u>\$ 217,285</u>	<u>\$ (23,939,275)</u>	<u>\$ 130,325,745</u>	<u>\$ 1,787,494</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 – (CONTINUED)

The following is a summary of the maturity of serial bonds principal and interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,725,000	\$ 69,400	\$ 1,794,400
2025	1,745,000	34,900	1,779,900
Total	<u>\$ 3,470,000</u>	<u>\$ 104,300</u>	<u>\$ 3,574,300</u>

The following is a summary of the maturity of Lease Purchase Agreement:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 48,071	\$ 279	\$ 48,350
2025	16,134	190	16,324
Total	<u>\$ 64,205</u>	<u>\$ 469</u>	<u>\$ 64,674</u>

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

Interest Paid	\$ 104,727
Less: Bond Premium Amortization	(14,423)
Plus: Loss on Refunding Amortization	<u>51,958</u>
	<u>\$ 142,262</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, 2023. The School District's share of this asset was \$356,354. 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, 2023 was \$476,918. 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/stretire/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 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 contributions for the last three years are as follows:

<u>Plan Year Ending March 31 and June 30, Respectively</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 686,768	\$ 2,867,188
2022	\$ 949,861	\$ 2,624,327
2021	\$ 886,274	\$ 2,303,264

At June 30, 2023, the School District reported the following for its proportionate share of the net pension asset/(liability) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Net Pension asset/(liability)	\$ (3,993,230)	\$ (2,652,881)
School District's proportion of the net pension asset/(liability)	0.01862160%	0.13825100%

The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of April 1, 2022 and June 30, 2021, respectively. 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 liability 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, 2023, the School District recognized pension expense in the district-wide financial statements of \$(1,534,504) for ERS and \$(3,437,713) for TRS. Pension expenditures of \$3,324,044 (\$723,848 for ERS and \$2,600,196 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, 2023 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	\$ 425,310	\$ 2,779,883	\$ 3,205,193
Changes of assumptions	1,939,370	5,146,140	7,085,510
Net difference between projected and actual earnings on pension plan investments	-	3,427,774	3,427,774
Changes in proportion and difference between the District's contributions and proportionate share of contributions	286,502	385,147	671,649
School District's contributions subsequent to the measurement date	208,773	2,599,303	2,808,076
Total	<u>\$ 2,859,955</u>	<u>\$ 14,338,247</u>	<u>\$ 17,198,202</u>

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 112,145	\$ 53,159	\$ 165,304
Changes of assumptions	21,434	1,068,655	1,090,089
Net difference between projected and actual earnings on pension plan investments	23,460	-	23,460
Changes in proportion and difference between the District's contributions and proportionate share of contributions	1,599	296,875	298,474
Total	<u>\$ 158,638</u>	<u>\$ 1,418,689</u>	<u>\$ 1,577,327</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, 2024. 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:	<u>ERS</u>	<u>TRS</u>
2024	\$ 638,557	\$ 2,037,777
2025	(123,521)	1,062,227
2026	868,197	(421,567)
2027	1,109,311	6,769,048
2028	-	857,594
Thereafter	-	15,176
Total	<u>\$ 2,492,544</u>	<u>\$ 10,320,255</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:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	4.40%	1.95%-5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience Study	June 1, 2015 - June 30, 2020 System's Experience Study
Inflation Rate	2.90%	2.40%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

**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, 2023		June 30, 2022	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	32%	4.30%	33%	6.50%
International Equity	15%	6.85%	16%	7.20%
Private Equity	10%	7.50%	8%	9.90%
Real Estate Equity	9%	4.60%	11%	6.20%
Domestic Fixed Income Securities	0%	0.00%	16%	1.10%
Global Bonds	0%	0.00%	2%	0.60%
High Yield Bonds	0%	0.00%	1%	3.30%
Global Equities	0%	0.00%	4%	6.90%
Private Debt	0%	0.00%	2%	5.30%
Real Estate Debt	0%	0.00%	6%	2.40%
Opportunistic/ARA Portfolio	3%	5.38%	0%	0.00%
Credit	4%	5.43%	0%	0.00%
Real Assets	3%	5.84%	0%	0.00%
Fixed Income	23%	1.50%	0%	0.00%
Cash	1%	0.00%	1%	-0.30%
Total	<u>100%</u>		<u>100%</u>	

**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 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 6.95% 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 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (9,649,925)	\$ (3,993,230)	\$ 733,596
TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (24,460,805)	\$ (2,652,881)	\$ 15,687,441

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows.

Measurement Date	(Dollars in Thousands)	
	ERS March 31, 2023	TRS June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,473)
Plan net position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,891)</u>
Ratio of plan net position to the employers' total pension liability	90.78%	98.57%

**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, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 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, 2023 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, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 were \$208,773 to ERS and \$2,867,248 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, 2023, the valuation date, the following employees were covered by the benefit terms:

Active Employees	381
Inactive Employees currently receiving benefit payments	366
Total Employees Covered by Benefit Terms	747

The School District's total OPEB liability of \$125,562,713 measured as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022.

**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, 2023 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	2.70%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	4.13%
Healthcare Cost Trend Rates	6.75% for 2023 decreasing to 4.14% by 2076
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 with an average rating of AA/Aa or higher.

Mortality rates were based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plan’s mortality experience projected using MP.2020.

The actuarial assumptions used in the June 30, 2023 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, 2023 is as follows:

Balance - Beginning	\$	147,719,987
Changes for the Year:		
Service Cost		4,489,368
Interest		5,311,136
Changes of Benefit Terms		(626,415)
Differences Between Expected and Actual Experience		(10,794,894)
Changes in Assumptions or Other Inputs		(16,143,731)
Benefit Payments		(4,392,738)
Net Changes		<u>(22,157,274)</u>
Balance - Ending	\$	<u>125,562,713</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 (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	1% Decrease 3.13%	Discount Rate 4.13%	1% Increase 5.13%
Total OPEB Liability	\$ 146,118,678	\$ 125,562,713	\$ 109,024,938

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 (5.75% decreasing to 3.14%) or 1 percentage point higher (7.75% decreasing to 5.14%) than the current healthcare cost trend rates:

	1% Decrease 5.75% decreasing to 3.14%	Healthcare Cost Trend Rate 6.75% decreasing to 4.14%	1% Increase 7.75% decreasing to 5.14%
Total OPEB Liability	\$ 106,588,378	\$ 125,562,713	\$ 149,751,946

For the year ended June 30, 2023, the School District recognized additional OPEB expense of \$144,051 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,909,715	\$ (14,452,971)
Changes of Assumptions or other inputs	16,441,158	(41,615,462)
Total	\$ 19,350,873	\$ (56,068,433)

**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
	2024	\$ (4,243,438)
	2025	(3,723,246)
	2026	(13,275,668)
	2027	(10,985,438)
	2028	(4,489,770)
Total		<u>\$ (36,717,560)</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, 2023 was \$3,781,981.

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, 2023 was \$933,421.

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, 2023 was \$387,603.

Restricted for Capital Projects - the component of net position that reports unexpended BAN or bond proceeds was \$11,561,173. In addition, the restricted net position for Capital Projects at June 30, 2023 was \$6,772,239.

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, 2023 was \$2,529,342.

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, 2023 was \$252,500.

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, 2023 was \$1,130,706.

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)

The components of fund balances for the governmental funds at June 30, 2023 were as follows:

	2023					Total
	General Fund	Special Aid Fund	Capital Projects Fund	School Lunch Fund	Debt Service Fund	
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ 1,435	\$ -	\$ 1,435
Prepaid Expenditures	406,127	-	497,931	-	-	904,058
Total Nonspendable	406,127	-	497,931	1,435	-	905,493
Restricted:						
Employee Benefit Accrued Liability	1,130,706	-	-	-	-	1,130,706
Retirement System Contributions						
ERS Retirement Contribution	3,781,981	-	-	-	-	3,781,981
TRS Retirement Contribution	933,421	-	-	-	-	933,421
Unemployment Benefits	387,603	-	-	-	-	387,603
Workers Compensation	252,500	-	-	-	-	252,500
Future Capital Projects	6,772,239	-	-	-	-	6,772,239
Debt Service -						
BAN and Bond Premiums	-	-	-	-	2,529,342	2,529,342
Capital Projects - Unexpended BAN Proceeds	-	-	11,561,173	-	-	11,561,173
Total Restricted	13,258,450	-	11,561,173	-	2,529,342	27,348,965
Assigned:						
Purchases on Order :						
General Government Support	105,149	-	-	-	-	105,149
Instruction	147,646	-	-	-	-	147,646
Pupil Transportation	271,461	-	-	-	-	271,461
Employee Benefits	-	-	-	-	-	-
	524,256	-	-	-	-	524,256
Appropriated for 2023-2024 Budget	755,411	-	-	-	-	755,411
Total Assigned	1,279,667	-	-	-	-	1,279,667
Unassigned	3,002,333	-	(55,776,675)	(149,139)	-	(52,923,481)
Total Fund Balances	\$ 17,946,577	\$ -	\$ (43,717,571)	\$ (147,704)	\$ 2,529,342	\$ (23,389,356)

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

XIII. 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.

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

XIV. NEW ACCOUNTING STANDARDS

In April 2022, GASB issued Statement No. 99, Omnibus 2022. This statement addresses a variety of topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made in fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 101, Compensated Absences. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

In January 2024, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires governmental entities to assess and disclose concentrations and constraints that make the entity vulnerable to the risk of substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

Management has not estimated the potential impact of these statements, if any, on the School District’s financial statements.

XV. PRIOR PERIOD ADJUSTMENTS

The School District recorded adjustments to opening net position at July 1, 2022 as follows:

	General	Capital Projects	School Lunch	Debt Service	Total Governmental Funds	Primary Governmental Activities
Fund Balance/Net Position as of July 1, 2022	\$13,423,516	\$(26,924,080)	\$(161,752)	\$3,892,925	\$(9,769,391)	\$(102,108,348)
To correct:						
Payment of BAN Principal and Interest Revenue not previously recorded	2,265,500	-	-	(2,265,500)	-	-
State Aid Department of Health payments	(1,989)	-	20,531	-	20,531	20,531
Prior year adjustments not properly recorded	(2,870)	-	-	-	(2,870)	(2,870)
BOCES payment not properly recorded	279,172	-	-	-	279,172	279,172
Prior year unrecovered revenue	(135,349)	-	-	-	(135,349)	(135,349)
Lease Purchase Agreement not properly recorded	-	-	-	-	-	(111,783)
Accounts receivables	11,868	-	-	-	11,868	11,868
Construction in progress not previously recorded	-	-	-	-	-	10,599,620
Deferred revenue for non-resident tuition	268,186	-	-	-	268,186	268,186
Fund Balance/Net Position as of July 1, 2022 - Restated	\$ 16,108,034	\$ (26,924,080)	\$ (141,221)	\$ 1,627,425	\$(9,329,842)	\$(91,180,962)

**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>	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
Service Cost	\$ 4,489,368	\$ 6,568,569	\$ 7,016,714	\$ 4,528,002	\$ 2,735,178	\$ 2,853,380
Interest	5,311,136	3,991,623	4,284,007	5,156,342	4,628,623	4,252,784
Change of Benefit Terms	(626,415)	-	(2,027,826)	-	-	-
Differences Between Expected and Actual Experience	(10,794,894)	369,044	(10,914,451)	43,014	9,272,707	-
Changes in Assumptions or Other Inputs	(16,143,731)	(39,343,066)	(2,826,895)	38,633,037	12,472,191	(6,004,537)
Benefit Payments	(4,392,738)	(4,167,687)	(4,097,188)	(3,707,216)	(3,491,304)	(2,595,800)
Net Change in Total OPEB Liability	(22,157,274)	(32,581,517)	(8,565,639)	44,653,179	25,617,395	(1,494,173)
Total OPEB Liability - Beginning	147,719,987	180,301,504	188,867,143	144,213,964	118,596,569	120,090,742
Total OPEB Liability - Ending (a)	\$ 125,562,713	\$ 147,719,987	\$ 180,301,504	\$ 188,867,143	\$ 144,213,964	\$ 118,596,569
<u>Plan Fiduciary Net Position</u>						
Contributions - Employer	\$ 4,392,738	\$ 4,167,687	\$ 4,097,188	\$ 3,707,216	\$ 3,491,304	\$ 2,595,800
Benefit Payments	(4,392,738)	(4,167,687)	(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 125,562,713	\$ 147,719,987	\$ 180,301,504	\$ 188,867,143	\$ 144,213,964	\$ 118,596,569
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 29,055,770	\$ 30,003,722	\$ 29,350,079	\$ 29,821,384	\$ 26,884,664	\$ 29,625,799
Total OPEB Liability as a percentage of covered payroll	432.1%	492.3%	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:

6/30/23	4.13%
6/30/22	3.54%
6/30/21	2.16%
6/30/20	2.21%
6/30/19	3.51%

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
ERS					
3/31/2023	0.01862160%	\$ (3,993,230)	\$ 6,409,670	(62.30%)	90.78%
3/31/2022	0.01784190%	\$ 1,458,503	\$ 5,996,283	24.32%	103.65%
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
TRS					
6/30/2022	0.13825100%	\$ (2,652,881)	\$ 25,838,650	(10.27%)	98.57%
6/30/2021	0.13375700%	\$ 23,177,652	\$ 25,084,063	92.40%	113.25%
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
ERS					
3/31/2023	\$ 686,768	\$ 686,768	\$ -	\$ 6,409,670	10.71%
3/31/2022	\$ 949,861	\$ 949,861	\$ -	\$ 5,996,283	15.84%
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
TRS					
6/30/2022	\$ 2,624,327	\$ 2,624,327	\$ -	\$ 25,838,650	10.16%
6/30/2021	\$ 2,303,264	\$ 2,303,264	\$ -	\$ 25,084,063	9.18%
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, 2023**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Real Property Taxes	\$ 42,279,109	\$ 42,279,109	\$ 40,068,760	\$ (2,210,349)
Other Tax Items	148,000	148,000	2,405,369	2,257,369
Charges for Services	481,600	481,600	836,107	354,507
Use of Money and Property	30,000	30,000	657,074	627,074
Sale of Property and Compensation for Loss	4,500	4,500	44,016	39,516
State Aid	26,155,268	26,155,268	24,800,911	(1,354,357)
Federal Aid	50,000	50,000	81,874	31,874
Miscellaneous	777,000	777,000	905,450	128,450
Total Revenues	<u>69,925,477</u>	<u>69,925,477</u>	<u>69,799,561</u>	<u>(125,916)</u>
Expenditures:				
General Support	6,548,598	6,842,347	5,998,409	843,938
Instruction	35,334,397	35,680,102	33,492,094	2,188,008
Pupil Transportation	5,304,857	6,428,987	5,348,809	1,080,178
Employee Benefits	18,865,891	18,815,491	17,644,261	1,171,230
Debt Service	5,028,231	-	48,505	(48,505)
Capital Outlay	149,922	147,514	150,709	(3,195)
Total Expenditures	<u>71,231,896</u>	<u>67,914,441</u>	<u>62,682,787</u>	<u>5,231,654</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(1,306,419)</u>	<u>2,011,036</u>	<u>7,116,774</u>	<u>5,105,738</u>
Other Financing Sources/(Uses):				
Operating Transfers In	250,000	250,000	-	(250,000)
Operating Transfers Out	(250,000)	(5,278,231)	(5,278,231)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(5,028,231)</u>	<u>(5,278,231)</u>	<u>(250,000)</u>
Net Change in Fund Balance	<u>(1,306,419)</u>	<u>(3,017,195)</u>	<u>1,838,543</u>	<u>4,855,738</u>
Appropriated Fund Balance	1,306,419	3,017,195	-	(3,017,195)
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,838,543</u>	<u>\$ 1,838,543</u>

**OTHER
INFORMATION**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2023**

Adopted Budget	\$ 71,481,896
Additions:	
Encumbrances from Prior Year	<u>1,717,366</u>
Original Budget	73,199,262
Budget Amendments - Transfers Out	5,028,231
Budget Amendments - Other	<u>(5,034,821)</u>
Final Budget	<u><u>\$ 73,192,672</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2023**

2023-2024 Voter-approved expenditure budget maximum allowed	<u>\$ 75,058,323</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 1,279,667
Unassigned Fund Balance	<u>3,002,333</u>
Total Unrestricted Fund Balance	<u>4,282,000</u>
Less:	
Appropriated Fund Balance	755,411
Encumbrances Included in Assigned Fund Balance	<u>524,256</u>
Total Adjustments	<u>1,279,667</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,002,333</u></u>
Actual Percentage	<u><u>4.00%</u></u>

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2023**

Project	Expenditures and Transfers to Date				Methods of Financing				Fund Balance (Deficit) at June 30, 2023	
	Project Budget	Restated 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	866,184	282,321	1,148,505	277,875	-	376,608	-	376,608	(771,897)
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	31,964,646	17,540,935	49,505,581	12,294,419	4,100,000	-	2,000,000	6,100,000	(43,405,581)
Track & Field Storage	9,855	9,855	-	9,855	-	-	-	-	-	(9,855)
Emergency Electric Repair	251,633	251,633	-	251,633	-	-	-	-	-	(251,633)
Ulster BOCES Capital Project	3,629,241	-	279,172	279,172	3,350,069	-	-	-	-	(279,172)
Concession Stand	250,000	13,334	151,063	164,397	85,603	-	-	250,000	250,000	85,603
									-	-
Total	\$ 95,977,352	\$ 60,800,931	\$ 18,253,491	\$ 79,054,422	\$ 16,922,930	\$ 26,488,968	\$ 1,481,929	\$ 7,365,954	\$ 35,336,851	\$ (43,717,571)

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

Capital Assets, net		\$	92,059,407
Deductions:			
Short-term Portion of Bonds Payable	1,725,000		
Long-term Portion of Bonds Payable	1,745,000		
Short-term Portion of Lease Purchase Agreement	48,071		
Long-term Portion of Lease Purchase Agreement	16,134		
Unamortized Portion of Premium on Refunding Bonds	28,848		
Unamortized Portion of Premium on Refunding BANs	568,598		
Bond Anticipation Notes	55,676,634		
Unspent BAN Proceeds	(11,561,173)		
Deferred Outflows from Loss on Bond Refunding	(103,918)		48,143,194
			<hr/>
Net Investment in Capital Assets		\$	<u><u>43,916,213</u></u>

**SUPPLEMENTARY
INFORMATION**

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2023**

	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
<u>BOND ANTICIPATION NOTE</u>										
Improvements to Buildings and Fields	2022	2023	3.01%	\$ 45,460,000	\$ -	\$ 1,460,000	\$ 44,000,000	\$ -	\$ 1,698,300	\$ -
Improvements to Buildings and Fields	2023	2024	4.50%	-	55,676,634	-	-	55,676,634	-	55,676,634
				<u>45,460,000</u>	<u>55,676,634</u>	<u>1,460,000</u>	<u>44,000,000</u>	<u>55,676,634</u>	<u>1,698,300</u>	<u>55,676,634</u>
<u>SERIAL BONDS</u>										
Advance Refunding	2018	2025	2.00%	5,190,000	-	1,720,000	-	3,470,000	103,800	1,725,000
TOTAL SERIAL BONDS				<u>5,190,000</u>	<u>-</u>	<u>1,720,000</u>	<u>-</u>	<u>3,470,000</u>	<u>103,800</u>	<u>1,725,000</u>
<u>LEASE PURCHASE AGREEMENT</u>										
Network printers and copies	2020	2025	1.03%	111,783	-	47,578	-	64,205	927	48,071
TOTAL PURCHASE AGREEMENT				<u>111,783</u>	<u>-</u>	<u>47,578</u>	<u>-</u>	<u>64,205</u>	<u>927</u>	<u>48,071</u>
TOTAL INDEBTEDNESS				<u>\$ 50,761,783</u>	<u>\$ 55,676,634</u>	<u>\$ 3,227,578</u>	<u>\$ 44,000,000</u>	<u>\$ 59,210,839</u>	<u>\$ 1,803,027</u>	<u>\$ 57,449,705</u>

* The above amounts do not include premiums or discounts.

**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, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (Internal control) 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-011 to be material weaknesses, and item 2023-012 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 2023-013 through 2023-015.

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
February 15, 2024



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

Opinion on 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, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rondout Valley Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rondout Valley Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Rondout Valley Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-016. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

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

RBT CPAs, LLP

Newburgh, NY
February 15, 2024

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture:				
Passed through New York State Department of Education:				
<i>Child Nutrition Cluster</i>				
National School Lunch Program - Cash	10.555	N/A	\$ -	\$ 382,135
School Breakfast Program	10.553	N/A	-	106,315
National School Lunch Program - Commodities	10.555	N/A	-	44,882
Supply Chain Assistance	10.555	N/A	-	31,983
			<hr/>	<hr/>
			-	565,315
 State Pandemic Electronic Benefit Transfer Administrative Costs Grant	 10.649	 N/A	 -	 3,140
 Child Nutrition Discretionary Grants Limited Availability	 10.579	 005-22-0026	 -	 13,943
Total U.S. Department of Agriculture			<hr/>	<hr/>
			-	582,398
U.S. Department of Education:				
Passed through New York State Department of Education:				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0997	-	593,259
	84.027	0032-22-0997	-	31,790
	84.173	0033-23-0997	-	18,709
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-22-0997	-	2,849
			<hr/>	<hr/>
			-	646,607
 Title I Grants to Local Educational Agencies (LEAs)	 84.010	 0011-23-3120	 -	 35,559
Title I Grants to Local Educational Agencies (LEAs)	84.010	0011-22-3120	-	7,677
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-23-3410	-	472,627
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-22-3410	-	666
 Supporting Effective Instruction State Grant	 84.367	 0147-23-3410	 -	 63,997
 Student Support and Academic Enrichment Grants	 84.424	 0204-23-3410	 -	 16,605
			<hr/>	<hr/>
			-	597,131
 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act Cluster				
Coronavirus Response and Relief Supplemental Appropriation Act 2021 (CRRSA) - ESSER II	84.425D	* 5891-21-3410	-	403,687
Coronavirus Response and Relief Supplemental Appropriation Act 2021 (CRRSA) - GEER	84.425C	* 5895-21-3410	-	20,927
American Rescue Plan - (ARP - ESSER)	84.425U	* 5880-21-3410	-	1,355,387
American Rescue Plan - Elementary and Secondary School Emergency Relief -Homeless Children and Youth	84.425W	* 5318-21-3410	-	11,146
			<hr/>	<hr/>
			-	1,791,147
Total U.S. Department of Education			<hr/>	<hr/>
Total All Programs			<hr/>	<hr/>
			\$ -	\$ 3,617,283

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
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, 2023. 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	\$ 3,617,283
Reconciling Items:	
Timing revenues vs expenses	114
Medicare Reimbursement	<u>60,833</u>
Federal Aid as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance	<u><u>\$ 3,678,230</u></u>

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

A. Internal Control Findings

None Noted

B. Compliance Findings

Finding 2022-01: 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.

Current

Status: This is still a finding. See corrective action plan for current year update.

Finding 2022-02: Fund Balance Deficit

Condition: The School District’s School Lunch fund balance reported a deficit of \$161,752 as of June 30, 2022.

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.

Current

Status: This is still a finding. See corrective action plan for current year update.

**RONDOUT VALLEY CENTRAL SCHOOL DISTRICT
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? X Yes No
- Significant deficiency(ies) identified? X Yes No

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes 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)? X Yes No

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D, C, U, W	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act Cluster

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 DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

Material Weaknesses

Finding 2023-001 Opening Fund Balances did not Agree to Prior Year Financial Statements

Condition: The District did not post entries identified during the previous audit correctly, causing the beginning fund balance to be incorrect.

Criteria: The adjusted opening balances in the District's records should agree to the prior year audited financial statements.

Cause: The District did not ensure all of the audit entries proposed during the audit were posted correctly.

Effect: The District presented reports during the year that were not accurate.

Recommendation: RBT recommends that the District record all audit entries to ensure the fund balances agree to the audited financial statements.

Management's Response: See corrective action plan.

Finding 2023-002 Lack of Documentation

Condition: The District does not maintain complete and accurate records.

Criteria: The District is required to maintain adequate supporting records of all transactions occurring within the fiscal year in order to properly record and support all financial records.

Cause: The District was unable to provide support for various balances recorded in its records due to document management issues and staffing turnover.

Effect: The District may be unable to substantiate amounts recorded in its financial software.

Recommendation: We recommend that the District maintain all original documents and schedules to substantiate amounts recorded in its financial software.

Management's Response: See corrective action plan.

Finding 2023-003 Receivables and Accrual of Grants Receivable and Related Payables

Condition: The District did not adjust revenues and expenses and related receivables and payables at year-end. School Districts are required to record transactions on the modified accrual basis of accounting.

Criteria: Under the modified accrual basis, the District is required to accrue revenues and grants when eligible expenditures are incurred.

Cause: There were numerous instances where accruals required adjustment as a result of issues identified during audit procedures.

Effect: The District's financial statements did not reflect all of its revenues and expenditures in accordance with the modified accrual basis. There is also the potential for inconsistent reporting of financial results if accruals are not recorded on a similar basis year over year.

Recommendation: RBT recommends that the District include procedures in its system for closing the accounting year, which includes consideration of grant programs for amounts due on the modified accrual basis, verifying that expenditures are recorded in the year incurred and establishing a mechanism for District departments to regularly report the status of pending invoices.

Management's Response: See corrective action plan.

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

Finding 2023-004 Journal Entry Approval

Condition: Journal entries are not reviewed and approved for appropriateness.
Criteria: The District is required to maintain accurate financial records.
Cause: The District has minimal controls over the recording and review of journal entries.
Effect: The District's accounting records were misstated due to the recording of inaccurate journal entries.
Recommendation: RBT recommends that the District develop a system to prepare and review the recording of journal entries.
Management's Response: See corrective action plan.

Finding 2023-005 Adjusting Entries

Condition: Audit procedures identified a significant amount of adjusting journal entries required to correct material misstatements of the District's financial records.
Criteria: The District is required to maintain accurate financial records.
Cause: The District does not properly maintain modified accrual based records.
Effect: The District's accounting records were materially misstated.
Recommendation: RBT recommends that the District develop a system to review monthly and annual financial records for accuracy.
Management's Response: See corrective action plan.

Finding 2023-006 Open Purchase Orders

Condition: Open purchase orders were recorded as expenditures at year end.
Criteria: The District is required to maintain accurate financial records.
Cause: The District has minimal controls over financial recording.
Effect: The District's expenditures were overstated due to the recording of purchases that had not been received as of June 30, 2023.
Recommendation: RBT recommends that the District develop a system of controls over financial recording.
Management's Response: See corrective action plan.

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

Finding 2023-007 Capital Assets and Construction in Progress Expenditures

Condition: The School District did not properly account for and monitor all of its capital assets and construction in progress expenditures.

Criteria: Capital assets and construction in progress expenditures should be accurately tracked and reported in the financial statements.

Cause: The School District did not properly track its capital assets and construction in progress expenditures. The School District did not provide accurate information to the School District's 3rd party vendor who manages the capital asset listing. Serial numbers and acquisition dates were not accurately provided and purchase order amounts were reported as the cost to the 3rd party vendor instead of the amount actually paid.

Effect: The District may not be able to accurately account for all of its capital assets and construction in progress expenditures, which may have a material effect on the financial statements.

Recommendation: We recommend that the District adopt a capital asset process and system of controls to accurately compile and update a list of capital assets owned by the District, along with tracking the cost of projects throughout their life, and accurately report this information to the 3rd party vendor.

Management's Response: See corrective action plan.

Finding 2023-008 Debt

Condition: The District's recording of various debt entries to debt service and BANS redeemed accounts was not accurate.

Criteria: The District is required to maintain accurate financial records.

Cause: The District did not review adjustments recording debt.

Effect: The District's accounting records were misstated.

Recommendation: RBT recommends that the District develop a system to prepare and review the recording of debt adjustments.

Management's Response: See corrective action plan.

Finding 2023-009 Debt Service Fund Budgeting and Recording

Condition: The District recorded debt service transactions in other funds, but moved cash to the Debt Service Fund to pay for these transactions.

Criteria: The District is required to maintain accurate financial records.

Cause: The District did not record debt service transactions in the proper funds in all instances.

Effect: The District's accounting records by fund were misstated.

Recommendation: RBT recommends that the District develop a system to prepare and review the proper recording of debt service transactions.

Management's Response: See corrective action plan.

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

Finding 2023-010 Interfund Payable and Receivable Accounts

Condition: The District did not properly balance amounts payable and receivable between funds.
Criteria: Interfund accounts should be tracked and properly balanced between funds.
Cause: The District did not ensure interfund accounts were balanced between funds.
Effect: Incorrectly recording the amounts owed to/from other funds could lead to incorrect revenues or expenditures recorded in those funds.
Recommendation: RBT recommends that the District maintain supporting documentation for all the interfund payable and receivable transactions and ensure accounts are correctly recorded.
Management's Response: See corrective action plan.

Finding 2023-011 Prepaid

Condition: The District did not record payments to prepaid expenditures as applicable.
Criteria: Under the modified accrual basis, the District is required to record expenditures when they are incurred.
Cause: The District has minimal controls over financial recording.
Effect: Expenses were not recorded in the correct period.
Recommendation: RBT recommends that the District include procedures in its system for closing the accounting year, which includes consideration of the proper recording of expenditures near year end.
Management's Response: See corrective action plan.

Significant Deficiency

Finding 2023-012 Payroll

Condition: The District made payments under payroll in July for work done in December 2022 through June 2023.
Criteria: All financial data should be as current as possible.
Cause: Employees did not put in claim forms for work done timely.
Effect: Payments were not made or recorded timely.
Recommendation: RBT recommends that the District implement a policy designating a cutoff period for employees to hand in time sheets.
Management's Response: See corrective action plan.

B. Compliance Findings

Finding 2023-013 Extraclassroom Fund.

Condition: Extraclassroom funds still maintain balances for Class of 2021 and 2022.
Criteria: The District should have a policy enacted by the Board of Education relating to the closing out of inactive extraclassroom activity accounts.
Cause: The District did not review the extraclassroom balances.
Effect: The District did not follow NYS guidelines.
Recommendation: RBT recommends that the District develop a policy and mandate the closing out of these accounts after a specified period of time and establish the transfer of unused accounts to a specified group.
Management's Response: See corrective action plan.

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

Finding 2023-014 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 was awaiting additional required information necessary for the financial statement completion.

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 2023-015 Fund Balance Deficit

Condition: The School District’s School Lunch fund balance reported a deficit of \$147,704 as of June 30, 2023.

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

A. Internal Control Findings

None noted

B. Compliance Findings

Finding 2023-016 Equipment and Real Property Management

Condition: Purchased items were not added to the capital asset records.

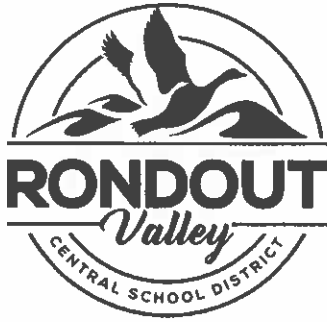
Criteria: Equipment purchased with federal funds requires records to be maintained.

Cause: Purchased items were not recorded to an equipment expense account.

Effect: The District does not have required property record maintenance.

Recommendation: RBT recommends that the District adopt a capital asset process and system of controls to accurately compile and update annually a list of capital assets owned by the District.

Management’s Response: See corrective action plan.



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Superintendent
Ext. 4803

Lisa I. Pacht
Assistant Superintendent
Ext. 4805

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Assistant Superintendent
Ext. 4863

Nicole DeSousa
School Business Official
Ext. 4812

Nicole Kappes-Levine
Director of DEI
Ext. 4114

February 20, 2024

Rondout Valley Central School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

RBT CPA's LLP
11 Raquet Road
Newburgh, NY 12550

Audit Period: Year ended June 30, 2023

Name of District Contact Person: Nicole DeSousa, School Business Official

Finding 2023-001: Opening Fund Balances did not Agree to Prior Year Financial Statements

Recommendation: RBT recommends that the School District record all audit entries to ensure the fund balances agree to the audit financial statements.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, has recorded all audit entries to ensure fund balances agree to the audited financial statements. She will continue to do so at the conclusion of future audits.

Anticipated Completion Date: February 15, 2024

Finding 2023-002: Lack of Documentation

Recommendation: RBT recommends that the School District maintain all original documents and schedules to substantiate amounts recorded in its financial software.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will ensure all records and supporting documents will be kept in accordance with established record retention schedules in a secured central location. In addition, all supporting documents to substantiate any budget transfers, cash receipts and journal entries are to be digitally attached within the financial software going forward.

Anticipated Completion Date: February 15, 2024

Finding 2023-003: Receivables and Accrual of Grants Receivable and Related Payables
Recommendation: RBT recommends that the School District include procedures in its system for closing the accounting year, which includes consideration of grant programs for amounts due on the modified accrual basis, verifying that expenditures are recorded in the year incurred and establishing a mechanism for School District departments to regularly report the status of pending invoices.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will work alongside the Senior Account Clerk, Kori Murphy, during the year end accounting close out to verify expenditures incurred are recorded in the appropriate period in accordance with the modified accrual basis of accounting.

Anticipated Completion Date: June 30, 2024

Finding 2023-004: Journal Entry Approval

Recommendation: RBT recommends that the School District develop a system to prepare and review the recoding of journal entries.

Corrective Action Plan: The School Business Official, Nicole DeSousa, has established the dual approval mechanism in the financial software that requires all journal entries to be approved.

Anticipated Completion Date: February 15, 2024

Finding 2023-005: Adjusting Entries

Recommendation: RBT recommends that the School District develop a system to review monthly and annual financial records for accuracy.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will prepare monthly revenue and appropriation status reports that will be reviewed by the School Business Official, Nicole DeSousa. These reports will be incorporated into the required monthly Treasurer Reports to the Board of Education.

Anticipated Completion Date: February 15, 2024

Finding 2023-006: Open Purchase Orders

Recommendation: RBT recommends that the School District develop a system of controls over financial recording.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will work alongside the Senior Account Clerk, Kori Murphy, during the year end accounting close out to verify expenditures incurred are recorded in the appropriate period in accordance with the modified accrual basis of accounting.

Anticipated Completion Date: June 30, 2024

Finding 2023-007: Capital Assets and Construction in Progress Expenditures

Recommendation: RBT recommends that the School District adopt a capital asset process and system of controls to accurately compile and update a list of capital assets

owned by the School District, along with tracking the cost of projects throughout their useful life, and accurately report this information to the 3rd party vendor.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will work with Buildings & Grounds, Jodi Nagy, to ensure assets are properly tagged, recorded and tracked in order to update the annual fixed asset reporting with the 3rd party vendor.

Anticipated Completion Date: June 30, 2024

Finding 2023-008: Debt

Recommendation: RBT recommends that the School District develop a system to prepare and review the recording of debt adjustments.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will ensure all debt service payments are properly recorded in accordance with Generally Accepted Accounting Principles.

Anticipated Completion Date: June 30, 2024

Finding 2023-009: Debt Service Fund Budgeting and Recording

Recommendation: RBT recommends that the School District develop a system to prepare and review the proper recording of debt service transactions.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will ensure all debt service payments are properly recorded in accordance with Generally Accepted Accounting Principles. In addition, all journal entries to record such transactions will be approved by the School Business Official, Nicole DeSousa.

Anticipated Completion Date: June 30, 2024

Finding 2023-010: Interfund Payable and Receivable Accounts

Recommendation: RBT recommends that the School District maintain supporting documentation for all the interfund payable and receivable transactions and ensure accounts are correctly recorded.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will ensure all records and supporting documents will be kept in accordance with established records retention schedules in a secured central location. In addition, all supporting documents to substantiate any journal entries will be digitally attached within the financial software.

Anticipated Completion Date: June 30, 2024

Finding 2023-011: Prepaid

Recommendation: RBT recommends that the School District include procedures in its system for closing the accounting year, which includes consideration of the proper recording of expenditures near year end.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will work alongside the Senior Account Clerk, Kori Murphy, during the year end accounting close out to verify

expenditures incurred are recorded in the appropriate period in accordance with the modified accrual basis of accounting.

Anticipated Completion Date: June 30, 2024

Finding 2023-012: Payroll

Recommendation: RBT recommends that the School District implement a policy designating a cutoff period for employees to hand in time sheets.

Corrective Action Plan: The School Business Official, Nicole DeSousa, will establish a policy to designate a cutoff period for employees to hand in time sheets and will work with district leaders to ensure all employees who have hours to submit will do so. Senior Account Clerk, Jesse Cazakoff, will send out periodic reminders to communicate with district leaders the importance of receiving all timesheets in accordance with the established payroll schedule.

Anticipated Completion Date: June 30, 2024

Finding 2023-013: Extraclassroom Fund

Recommendation: RBT recommends that the School District develop a policy and mandate the closing out of these accounts after a specified period of time and establish the transfer of unused accounts to a specified group.

Corrective Action Plan: The Extraclassroom Central Treasurer, Kori Murphy, will review all student account balances on an annual basis and work with class advisors to ensure all remaining balances of clubs that are not returning the following year are designated to a specific group for future use.

Anticipated Completion Date: June 30, 2024

Finding 2023-014: New York State Education Department Requirements

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

Corrective Action Plan: The School Business Official, Nicole DeSousa, and the District Treasurer, Suzanne Tudico, will ensure the annual year end accounting close out of financial records is completed timely and all financial reports are readily available for the external auditors to commence their annual audit during the summer months. This will ensure the completion of the audit engagement will be done in sufficient time to submit audited financial statements to the New York State Education Department for the October 15th deadline.

Anticipated Completion Date: June 30, 2024

Finding 2023-015: Fund Balance Deficit

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.

Corrective Action Plan: The School Business Official, Nicole DeSousa, will ensure a sufficient budget is available to support the transfer of revenue to the School Lunch fund when necessary. School Lunch expenditures will be reviewed regularly to ensure the fund is operating within the approved budget.

Anticipated Completion Date: June 30, 2024

Finding 2023-016: Equipment and Real Property/Management

Recommendation: RBT recommends that the School District adopt a capital asset process and system of controls to accurately compile and update annually a list of capital assets owned by the School District.

Corrective Action Plan: The District Treasurer, Suzanne Tudico, will work with Buildings & Grounds, Jodi Nagy, to ensure assets are properly tagged, recorded and tracked in order to update the annual fixed asset reporting with the 3rd party vendor.

Anticipated Completion Date: June 30, 2024



Nicole DeSousa
School Business Official

