

CORNWALL CENTRAL SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2022

CORNWALL CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 15
Basic Financial Statements:	
Statement of Net Position - Governmental Activities	16
Statement of Activities - Governmental Activities	17
Balance Sheet - Governmental Funds	18
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	22
Notes to Financial Statements	23 - 51
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	52 - 53
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	54
Schedule of District's Proportionate Share of the Net Pension Asset/Liability	55
Schedule of District's Pension Contributions	56
Other Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Law Limit - General Fund	57
Schedule of Project Expenditures - Capital Projects Fund	58
Net Investment in Capital Assets	59

CORNWALL CENTRAL SCHOOL DISTRICT

Table of Contents, Continued

	<u>Page</u>
Federal Grant Compliance Audit:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	60 - 61
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	62 - 64
Schedule of Expenditures of Federal Awards	65
Notes to the Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs	67
Status of Prior Audit Findings	68

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cornwall Central School District
Cornwall, New York:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional pages 52 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 4, 2022

CORNWALL CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2022

Introductory Section

The following is a discussion and analysis of Cornwall Central School District's (the District) financial performance for the year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the year ended June 30, 2022 are as follows:

- Net position increased \$2,699,907.
- General Fund revenues and other sources were \$180,908 more than budget.
- General Fund expenditures and encumbrances were \$5,114,172 under budget.
- The District received federal funds for instructional programs and school lunch assistance of \$3,119,703 and \$1,691,296, respectively.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as collecting taxes for other governments
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows of resources, liability and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Current assets, deferred outflows of resources, liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenue and expenses during the year; regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

District-Wide Financial Statements

The District-Wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-Wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The District has two kinds of funds:

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

Financial Analysis of the District as a Whole

The District's net position at June 30, 2022 is (\$78,456,604). This is a \$2,699,907 increase from last year's net position of (\$81,156,511). The following table provides a summary of the District's net position:

Summary of Net Position

	<u>2022</u>	<u>2021</u>	Increase (Decrease)	Percentage Change
Current assets and other assets	\$ 57,447,594	20,205,478	37,242,116	184.3%
Non-current assets	<u>39,377,083</u>	<u>40,607,825</u>	<u>(1,230,742)</u>	-3.0%
Total assets	<u>96,824,677</u>	<u>60,813,303</u>	<u>36,011,374</u>	59.2%
Deferred outflows of resources	<u>45,048,715</u>	<u>43,602,578</u>	<u>1,446,137</u>	3.3%
Current liabilities	5,046,455	4,530,421	516,034	11.4%
Long-term liabilities	<u>166,574,948</u>	<u>162,140,612</u>	<u>4,434,336</u>	2.7%
Total liabilities	<u>171,621,403</u>	<u>166,671,033</u>	<u>4,950,370</u>	3.0%
Deferred inflows of resources	<u>48,708,593</u>	<u>18,901,359</u>	<u>29,807,234</u>	157.7%
Net investment in capital assets	15,751,229	14,202,802	1,548,427	10.9%
Restricted	10,596,858	9,273,523	1,323,335	14.3%
Unrestricted (deficit)	<u>(104,804,691)</u>	<u>(104,632,836)</u>	<u>(171,855)</u>	-0.2%
Total net position (deficit)	<u>\$ (78,456,604)</u>	<u>(81,156,511)</u>	<u>2,699,907</u>	3.3%

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

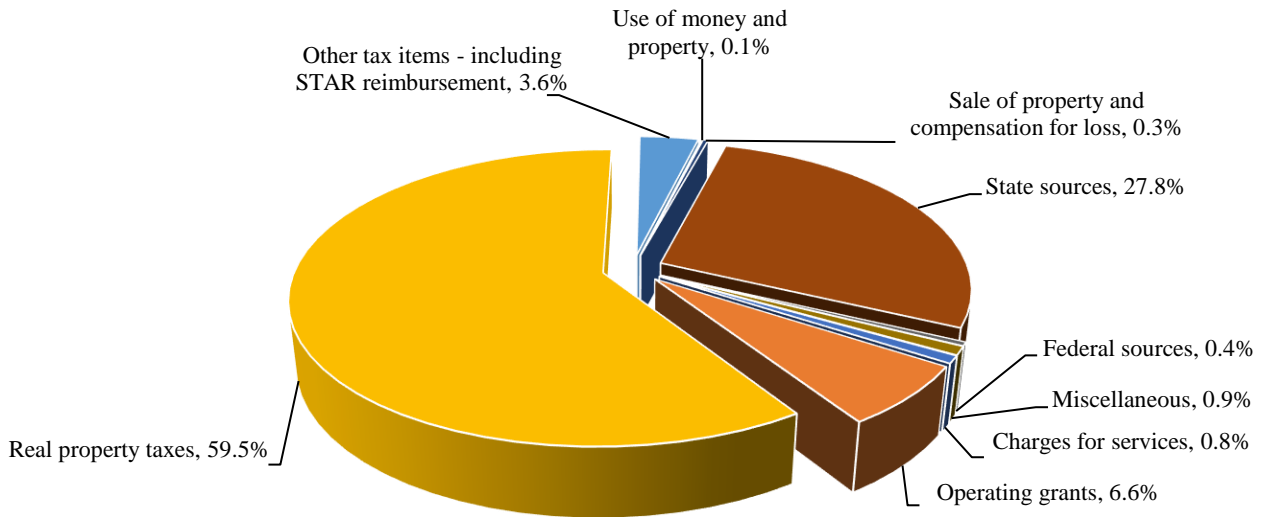
The following table and supporting graphs provides a summary of revenue, expenses and changes in net position for the year ended June 30, 2022 and 2021:

SUMMARY OF CHANGES IN NET POSITION

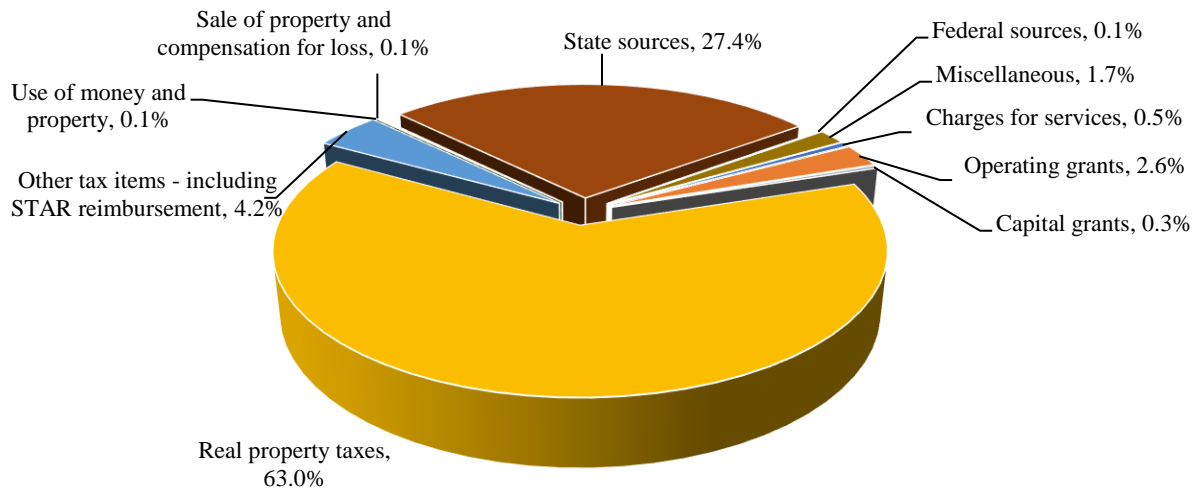
	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 634,034	350,045	283,989	81.1%
Operating grants	5,357,524	1,903,890	3,453,634	181.4%
Capital grants	-	212,353	(212,353)	-100.0%
General revenue:				
Real property taxes	48,133,382	47,010,139	1,123,243	2.4%
Other tax items - including STAR reimbursement	2,933,193	3,132,887	(199,694)	-6.4%
Use of money and property	33,585	102,553	(68,968)	-67.3%
Sale of property and compensation for loss	217,514	321	217,193	67661.4%
State sources	22,524,186	20,462,876	2,061,310	10.1%
Federal sources	286,785	99,210	187,575	189.1%
Miscellaneous	<u>765,505</u>	<u>1,274,110</u>	<u>(508,605)</u>	-39.9%
Total revenue	<u>80,885,708</u>	<u>74,548,384</u>	<u>6,337,324</u>	8.5%
Expenses:				
General support	10,657,740	10,874,079	(216,339)	-2.0%
Instructional	62,008,831	65,377,995	(3,369,164)	-5.2%
Pupil transportation	3,945,528	3,267,950	677,578	20.7%
Community services	22,151	11,076	11,075	100.0%
Debt service - interest	846,057	986,819	(140,762)	-14.3%
School lunch program	<u>705,494</u>	<u>343,151</u>	<u>362,343</u>	105.6%
Total expenses	<u>78,185,801</u>	<u>80,861,070</u>	<u>(2,675,269)</u>	-3.3%
Change in net position	<u>\$ 2,699,907</u>	<u>(6,312,686)</u>	<u>9,012,593</u>	142.8%

CORNWALL CENTRAL SCHOOL DISTRICT
 Management's Discussion and Analysis, Continued

Sources of Revenue
 Year ended June 30, 2022

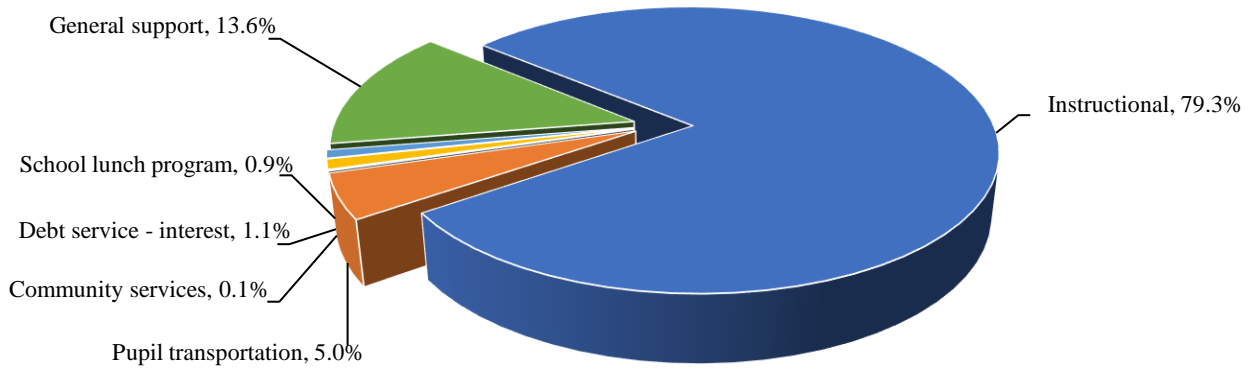


Sources of Revenue
 Year ended June 30, 2021

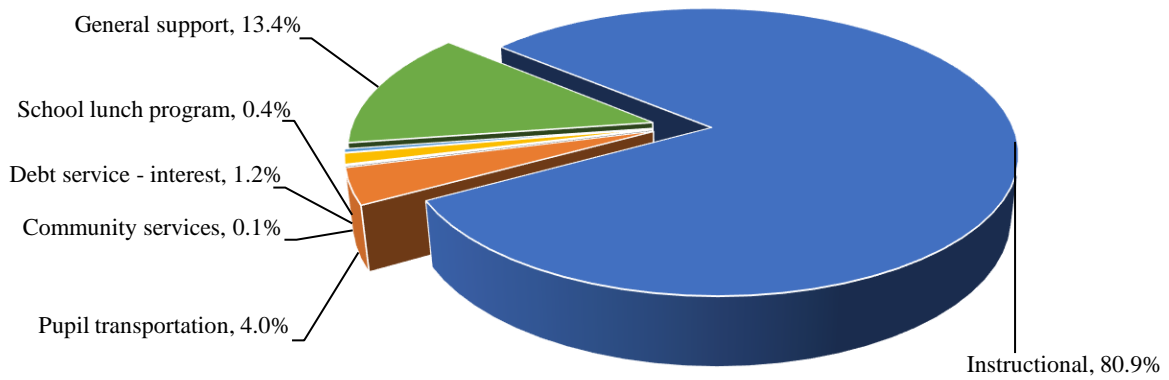


CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Expenses
Year ended June 30, 2022



Expenses
Year ended June 30, 2021



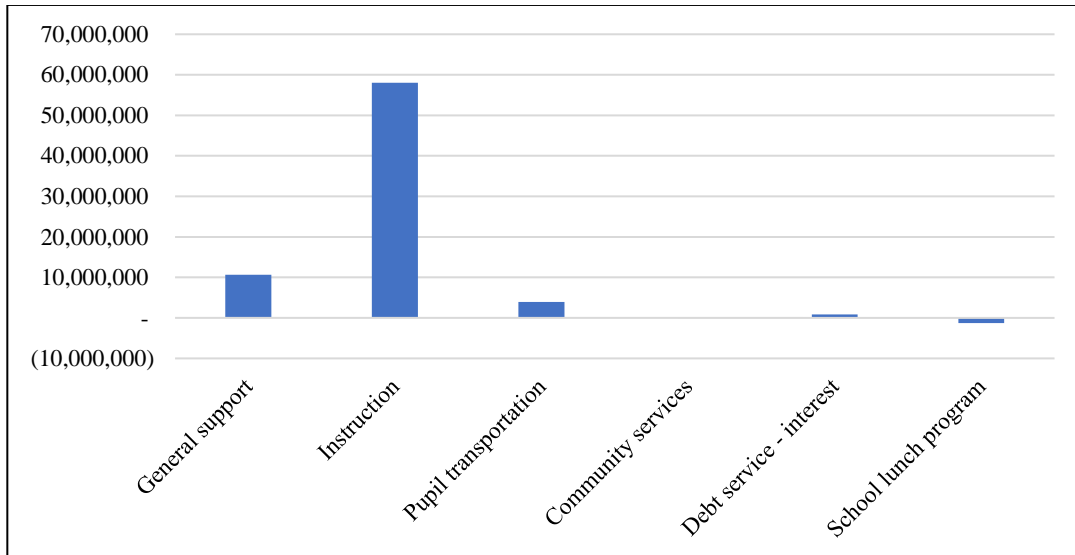
CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Summary of Net Costs

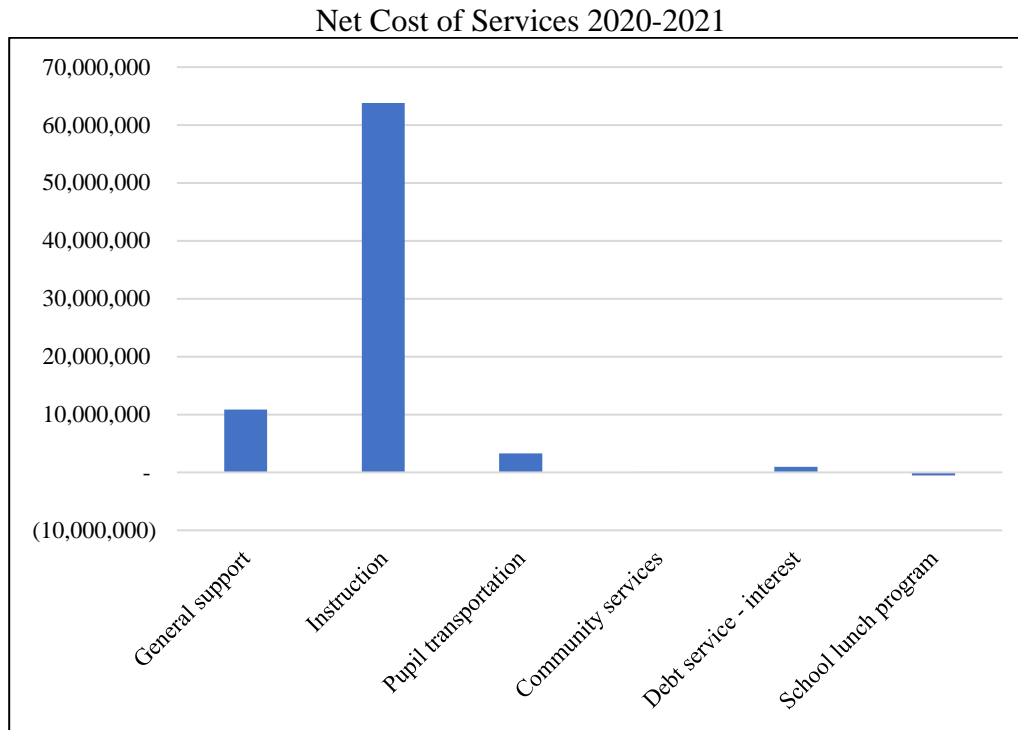
The following information is provided to disclose the net cost of governmental activities:

	Total Cost of Services <u>2021-2022</u>	Net Cost of Services <u>2021-2022</u>	Total Cost of Services <u>2020-2021</u>	Net Cost of Services <u>2020-2021</u>
General support	\$ 10,657,740	10,657,740	10,874,079	10,874,079
Instructional	62,008,831	58,028,312	65,377,995	63,793,400
Pupil transportation	3,945,528	3,945,528	3,267,950	3,267,950
Community servicesz	22,151	22,151	11,076	11,076
Debt service - interest	846,057	846,057	986,819	986,819
School lunch program	<u>705,494</u>	<u>(1,305,545)</u>	<u>343,151</u>	<u>(538,542)</u>
	<u>\$ 78,185,801</u>	<u>72,194,243</u>	<u>80,861,070</u>	<u>78,394,782</u>

Net Cost of Services 2021-2022



CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued



Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Food Service Fund, Capital Projects Fund, Miscellaneous Fund and Debt Service Fund. The fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2022			
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General	\$ 873,164	9,201,035	4,755,631	3,258,064
Special Aid	-	-	-	-
School Food Service	25,041	-	240,346	-
Capital Projects	-	1,097,291	-	-
Miscellaneous	-	298,532	-	-

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	June 30, 2021			
	Nonspendable	Restricted	Assigned	Unassigned
General	\$ 784,920	8,297,245	2,754,331	3,065,451
Special Aid	-	-	-	-
School Food Service	27,703	-	-	(229,791)
Capital Projects	-	682,041	-	-
Miscellaneous	-	294,237	-	-

General Fund Budgetary Highlights

The original budget for the general fund was revised to \$77,497,561 for the year ended June 30, 2022. During the year, the District revised the budget by \$861,276. The revisions were mainly a result of additional appropriations needed for technology purchases and COVID-19 related supplies.

In the general fund for the year ended June 30, 2022, actual revenues were greater than final budgeted revenues by \$180,908 (0.2%). Actual expenditures and encumbrances were less than final budgeted expenditures by \$5,114,172 (6.60%). Significant factors contributing to expenditures being less than the final budget were lower than anticipated expenses in salaries, employee benefits and overall instructional program. For fiscal year 2022-2023, the District has appropriated \$4,110,420 of fund balance to offset a portion of the increase in appropriations. The general fund budget for the 2022-2023 school year was approved by the voters in the amount of \$81,451,598. This is an increase of 5.1% over the previous year's final budget.

Factors that continue to affect the budget process are as follows:

- Increasing contractual costs (transportation, BOCES, related services, etc.).
- Aging facilities and infrastructure that will need significant repairs and/or renovation in the near future.
- Property Tax Cap Legislation
- Retirement contributions
- Health insurance costs
- COVID-19 related costs

Management believes that the budget adopted for 2022-2023 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The Special Aid Fund ended the year with no fund balance.

The School Lunch Fund ended the year with a fund balance of \$265,387. Revenues exceeded expenditures by \$467,475, due in large part to Federal aid.

The Capital Projects Fund ended the year with a fund balance of \$1,097,291. Schedule 6 has more information on capital projects.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2022, was \$39,377,083. The decrease in net capital assets was 3.0% for the District (see schedule below). The District's capital assets, net of accumulated depreciation as of June 30, 2021 was \$40,607,825. The District expended \$465,547 to acquire and construct capital assets during the year ended June 30, 2022 and depreciation expense for the year was \$1,696,289.

Capital Assets Net of Accumulated Depreciation			
	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Non-depreciable assets - land	\$ 1,776,500	1,776,500	0.00%
Depreciable assets:			
Land improvements	189,005	234,869	(19.5%)
Building and improvements	36,759,437	38,279,934	(4.0%)
Furniture and equipment	<u>652,141</u>	<u>316,522</u>	106.0%
Totals	\$ <u>39,377,083</u>	<u>40,607,825</u>	(3.0%)

Long-Term Debt

At the end of the year, the District had total long-term debt principal outstanding of \$23,715,349. This amount is backed by the full faith and credit of the District. Activity in debt outstanding during the year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Serial Bonds dated 08/01/08	\$ 660,000	-	325,000	335,000
Serial Bonds dated 09/06/12	22,710,000	-	2,145,000	20,565,000
Installment purchase debt	<u>3,136,862</u>	<u>-</u>	<u>321,513</u>	<u>2,815,349</u>
Total long-term debt	\$ <u>26,506,862</u>	<u>-</u>	<u>2,791,513</u>	<u>23,715,349</u>

Long-term debt also includes an unamortized bond premium of \$1,373,032 related to the serial bonds dated September 6, 2012. This premium is being amortized over the life of the bond, which matures in October 2029. The District was affirmed a Moody's rating of Aa3 during the year ended June 30, 2022.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Factors Bearing on the District's Future

The general fund budget for the 2022-2023 school year was approved by the voters in the amount of \$81,451,598. This is an increase of 5.1% over the previous year's final budget. The District did not increase the tax levy from the prior year.

The 2022-2023 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs. COVID-19 has caused unexpected costs which are expected to continue into the 2022-2023 school year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Harvey Sotland, Assistant Superintendent for Business, at the District's business offices at 24 Idlewild Avenue, Cornwall-on-Hudson, New York, 12520.

CORNWALL CENTRAL SCHOOL DISTRICT
Statement of Net Position - Governmental Activities
June 30, 2022

Assets:	
Cash and equivalents:	
Unrestricted	\$ 9,384,610
Restricted	10,453,289
Investments	49,486
Receivables:	
State and federal aid	3,904,531
Accounts receivable	213,678
Inventories	20,412
Prepaid expenses	877,793
Net pension asset - proportionate share - ERS System	1,376,206
Net pension asset - proportionate share - TRS System	31,167,589
Non-depreciable capital assets	1,776,500
Capital assets, net	<u>37,600,583</u>
Total assets	<u>96,824,677</u>
Deferred outflows of resources:	
Loss on refunding	1,462,527
Pensions	20,771,899
OPEB	<u>22,814,289</u>
Total deferred outflows of resources	<u>45,048,715</u>
Liabilities:	
Payables:	
Accounts payable	1,185,137
Accrued liabilities	99,406
Bond interest payable	155,249
Due to other governments	309
Due to teachers' retirement system	3,448,589
Due to employees' retirement system	157,765
Long-term liabilities:	
Due and payable within one year:	
Compensated absences payable	45,806
Bonds payable	2,595,000
Premium on bonds payable	189,384
Installment purchase debt	329,610
Due and payable after one year:	
Compensated absences payable	1,091,738
Bonds payable	18,305,000
Premium on bonds payable	1,183,648
Installment purchase debt	2,485,739
Total OPEB liability	<u>140,349,023</u>
Total liabilities	<u>171,621,403</u>
Deferred inflows of resources:	
Unearned revenue	217,683
Pensions	39,615,241
OPEB	<u>8,875,669</u>
Total deferred inflows of resources	<u>48,708,593</u>
Net position:	
Net investment in capital assets	15,751,229
Restricted	10,596,858
Unrestricted (deficit)	<u>(104,804,691)</u>
Total net position (deficit)	<u>\$ (78,456,604)</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Statement of Activities - Governmental Activities
Year ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenue</u>		Net (Expense)
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
Functions and programs:				
General support	\$ 10,657,740	-	-	(10,657,740)
Instructional	62,008,831	340,270	3,640,249	(58,028,312)
Pupil transportation	3,945,528	-	-	(3,945,528)
Community services	22,151	-	-	(22,151)
Debt service - interest	846,057	-	-	(846,057)
School lunch program	<u>705,494</u>	<u>293,764</u>	<u>1,717,275</u>	<u>1,305,545</u>
Total functions and programs	<u>\$ 78,185,801</u>	<u>634,034</u>	<u>5,357,524</u>	<u>(72,194,243)</u>
General revenue:				
Real property taxes				48,133,382
Other tax items - including STAR reimbursement				2,933,193
Use of money and property				33,585
Sale of property and compensation for loss				217,514
State sources				22,524,186
Federal sources				286,785
Miscellaneous				<u>765,505</u>
Total general revenue				<u>74,894,150</u>
Change in net position				2,699,907
Net position (deficit) at beginning of year				<u>(81,156,511)</u>
Net position (deficit) at end of year				<u>\$ (78,456,604)</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Capital Projects</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Cash and equivalents:						
Unrestricted	\$ 8,760,364	41,720	582,526	-	-	9,384,610
Restricted	9,201,035	-	-	986,764	265,490	10,453,289
Investments	-	-	-	-	49,486	49,486
Receivables:						
State and federal aid	1,421,265	2,123,498	315,251	44,517	-	3,904,531
Due from other governments						
Due from other funds	2,583,937	16	-	66,404	-	2,650,357
Accounts receivable	203,445	33	1,189	-	9,011	213,678
Inventories	-	-	20,412	-	-	20,412
Prepaid expenditures	873,164	-	4,629	-	-	877,793
Total assets	<u>\$23,043,210</u>	<u>2,165,267</u>	<u>924,007</u>	<u>1,097,685</u>	<u>323,987</u>	<u>27,554,156</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
Liabilities:						
Accounts payable	1,163,267	5,674	3,474	-	12,722	1,185,137
Accrued liabilities	72,120	8,437	18,849	-	-	99,406
Due to other governments	-	-	309	-	-	309
Due to other funds	66,420	2,039,892	540,651	394	3,000	2,650,357
Due to teachers' retirement system	3,448,589	-	-	-	-	3,448,589
Due to employees' retirement system	157,765	-	-	-	-	157,765
Compensated absences	45,806	-	-	-	-	45,806
Total liabilities	<u>4,953,967</u>	<u>2,054,003</u>	<u>563,283</u>	<u>394</u>	<u>15,722</u>	<u>7,587,369</u>
Deferred inflows of resources - unearned revenue	<u>1,349</u>	<u>111,264</u>	<u>95,337</u>	<u>-</u>	<u>9,733</u>	<u>217,683</u>
Fund balance:						
Nonspendable	873,164	-	25,041	-	-	898,205
Restricted	9,201,035	-	-	1,097,291	298,532	10,596,858
Assigned	4,755,631	-	240,346	-	-	4,995,977
Unassigned	3,258,064	-	-	-	-	3,258,064
Total fund balance	<u>18,087,894</u>	<u>-</u>	<u>265,387</u>	<u>1,097,291</u>	<u>298,532</u>	<u>19,749,104</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$23,043,210</u>	<u>2,165,267</u>	<u>924,007</u>	<u>1,097,685</u>	<u>323,987</u>	<u>27,554,156</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Reconciliation of Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2022

Total governmental fund balance \$ 19,749,104

Amounts reported for governmental activities in the statement of net position are different because:

The costs of building and acquiring capital assets (land, buildings, 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 District as a whole, and their original costs are expensed annually over their

Non-depreciable capital assets	\$ 1,776,500	
Capital assets, net	37,600,583	39,377,083

Long-term liabilities 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 consist of:

Bonds payable	(20,900,000)	
Unamortized bond premiums	(1,373,032)	
Installment purchase debt	(2,815,349)	
Accrued interest on bonds payable	(155,249)	
Total OPEB liability	(140,349,023)	
Compensated absences	(1,091,738)	(166,684,391)

Some deferred inflows and outflows are not reported in the funds.

These consist of the following:

Deferred outflows of resources - refunding	1,462,527	
Deferred outflows of resources - pensions	20,771,899	
Deferred outflows of resources - OPEB	22,814,289	
Deferred inflows of resources - pensions	(39,615,241)	
Deferred inflows of resources - OPEB	(8,875,669)	(3,442,195)

The proportionate share of net pension asset and liability reported in the statement of net position does not provide for or require the use of current financial resources and therefore are not reported as an asset and liability in the governmental funds.

Teachers' retirement system liability	31,167,589	
Employees' retirement system liability	1,376,206	32,543,795

Total net position (deficit)		\$(78,456,604)
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See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Capital Projects</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Revenue:						
Real property taxes	\$48,133,382	-	-	-	-	48,133,382
Other tax items - including STAR reimbursement	2,933,193	-	-	-	-	2,933,193
Charges for services	340,270	-	-	-	-	340,270
Use of money and property	40,448	-	30	-	(6,893)	33,585
Sale of property and compensation for loss	217,514	-	-	-	-	217,514
Miscellaneous	448,347	-	3,183	-	313,975	765,505
State sources	22,524,186	520,546	25,979	-	-	23,070,711
Federal sources	286,785	3,119,703	1,691,296	-	-	5,097,784
Sales - food services	-	-	293,764	-	-	293,764
Total revenue	<u>74,924,125</u>	<u>3,640,249</u>	<u>2,014,252</u>	<u>-</u>	<u>307,082</u>	<u>80,885,708</u>
Expenditures:						
General support	8,193,837	-	700,850	-	-	8,894,687
Instructional	39,391,418	3,656,021	-	-	302,787	43,350,226
Pupil transportation	3,796,836	110,408	-	-	-	3,907,244
Community services	22,151	-	-	-	-	22,151
Employee benefits	15,999,718	-	194,383	-	-	16,194,101
Debt service - principal	2,791,513	-	-	-	-	2,791,513
Debt service - interest	860,185	-	-	-	-	860,185
Cost of sales	-	-	654,605	-	-	654,605
Capital outlay	-	-	-	138,029	-	138,029
Total expenditures	<u>71,055,658</u>	<u>3,766,429</u>	<u>1,549,838</u>	<u>138,029</u>	<u>302,787</u>	<u>76,812,741</u>
Excess (deficiency) of revenue over expenditures	<u>3,868,467</u>	<u>(126,180)</u>	<u>464,414</u>	<u>(138,029)</u>	<u>4,295</u>	<u>4,072,967</u>
Other financing sources and (uses):						
Operating transfers in	-	126,180	3,061	553,279	-	682,520
Operating transfers (out)	(682,520)	-	-	-	-	(682,520)
Total other financing sources (uses)	<u>(682,520)</u>	<u>126,180</u>	<u>3,061</u>	<u>553,279</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,185,947	-	467,475	415,250	4,295	4,072,967
Fund balance (deficit) at beginning of year	<u>14,901,947</u>	<u>-</u>	<u>(202,088)</u>	<u>682,041</u>	<u>294,237</u>	<u>15,676,137</u>
Fund balance at end of year	<u>\$18,087,894</u>	<u>-</u>	<u>265,387</u>	<u>1,097,291</u>	<u>298,532</u>	<u>19,749,104</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Reconciliation of Statement of Revenue, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June 30, 2022

Net change in fund balance		\$ 4,072,967
Amounts reported for governmental activities in the statement of activities are different because:		
Long-term revenue and expense differences - In the statement of activities, certain operating expenses 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). Changes in:		
Compensated absences liability		45,032
Total OPEB liability		(12,422,881)
Long-term debt transactions -		
Repayment of bond principal and energy performance debt principal is an expenditure in the governmental funds, less the library portion, but reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Principal paid on bonds		2,470,000
Principal paid on installment purchase debt		321,513
Amortization on bond premium		189,384
Amortization on deferred loss on refunding		(201,728)
Interest on long-term debt in the statement of activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2021 to June 30, 2022 changed by:		
		26,472
Capital related items:		
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 years 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 as summarized below:		
Capital outlay	\$ 465,547	
Depreciation expense	<u>(1,696,289)</u>	(1,230,742)
Changes in proportionate share of net pension asset reported in the statement of activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental		
Employees' retirement system	1,392,178	
Teachers' retirement system	<u>36,068,711</u>	37,460,889
Some items reported as expenditures in governmental funds are required to be deferred in the statement of net position. In the current period those amounts changed by:		
Deferred outflows of resources - pensions	242,367	
Deferred outflows of resources - OPEB	1,405,498	
Deferred inflows of resources - pensions	(32,168,947)	
Deferred inflows of resources - OPEB	<u>2,490,083</u>	<u>(28,030,999)</u>
Changes in net position of governmental activities		<u>\$ 2,699,907</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended June 30, 2022

	Custodial <u>Funds</u>
Additions - real property taxes	\$ <u>1,286,771</u>
Deductions - payments to library	<u>1,286,771</u>
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

(1) Summary of Certain Significant Accounting Policies

The financial statements of Cornwall Central School District (the District) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

(a) Reporting Entity

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

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

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

(i) Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The District exercises general oversight of these funds with student management of the financial transactions. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be obtained at the District's business office. The District accounts for assets held as an agent for various student organizations in the miscellaneous fund.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(b) Joint Venture

The District is a component district in the Orange/Ulster County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$5,057,363 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,722,241.

Financial statements for the BOCES are available from the BOCES administrative office:

Orange/Ulster Board of Cooperative Educational Services
53 Gibson Road
Goshen, New York 10924

(c) Basis of Presentation

(i) District-Wide Statements

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

The statement of activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

(ii) Fund Financial Statements

During the year ended June 30, 2022, the District adopted provisions of GASB Statement No 87 - "Leases." The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The District has performed an evaluation of its leasing transactions, and determined that the implementation of this Statement will have no material impact on the financial statements of the District.

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

The District reports the following major governmental funds:

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

Special Revenue Funds - these funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are three classes of special revenue funds:

Special Aid Fund - is used to account for and report the proceeds of federal and state grants that are legally restricted to expenditures for specified purposes.

School Lunch Fund - is used to account for and report the activities of the school lunch operations.

Miscellaneous Fund - is used to account for the extraclassroom activity funds, scholarships and various deposits in which the district has administrative control over.

Debt Service Fund - is used to account for the advance refunding of a portion of the District's outstanding serial bonds.

Capital Projects Fund - is used to account for and report the financial resources used for acquisition, construction, or major repair of capital facilities.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Fiduciary Funds - are used to account for activities in which the 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 District, and are not available to be used. There is one class included as a fiduciary fund.

Custodial Funds - is used to collect and remit taxes to the Public Library.

(d) Measurement Focus and Basis of Accounting

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected by the District beginning September 1. Uncollected real property taxes are transmitted to Orange County for enforcement. Uncollected taxes are paid by the County to the District no later than the forthcoming April 1.

(f) Restricted Resources

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

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(g) Interfund Transactions

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

In the District-Wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

(h) Estimates

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

(i) Cash and Equivalents

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(j) Accounts Receivable

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

(k) Inventories and Prepaid Items

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

(l) Capital Assets

Capital assets are reported in the District-Wide financial statements at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend their lives is not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed.

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

	<u>Depreciation Threshold</u>	<u>Estimated Method</u>	<u>Useful Life</u>
Land	\$ -	N/A	N/A
Land improvements	5,000	Straight-line	5 - 20
Buildings and improvements	5,000	Straight-line	15 - 50
Furniture and equipment	5,000	Straight-line	5 - 20

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(m) Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is the deferred loss the District incurred on its debt refunding transaction. The second item is related to pensions reported in the statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension asset/liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Additionally, this item includes District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to OPEB reported on the statement of net position. The amount represents differences between expected and actual experience and the changes of assumptions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first instance relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item is related to OPEB reported in the statement of net position. The amount represents changes of assumptions.

(n) Compensated Absences

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

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

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

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(o) Other Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee.

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the fund financial statements.

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

(p) Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

(q) Accrued Liabilities and Long-Term Obligations

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

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications

District-Wide Statements

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

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

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

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Statements

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

(1) Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid items in the General Fund of \$873,164 and prepaid items and inventories in the School Lunch Fund of \$25,041.

(2) Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has classified the following reserves as restricted:

Employees' Retirement System Liability

Reserve for employees' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the general fund.

Teachers' Retirement System Liability

Reserve for teachers' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the general fund.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari proceedings and may be expended from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund.

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund and the capital projects fund.

Employee Benefit Accrued Liability

According to GML §6-p, must be used to pay the cost of accrued employee benefits due to employees at termination. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The reserve is accounted for in the general fund.

Debt Service

Mandatory reserve for debt service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvements that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund.

Unemployment Insurance Payment

According to GML §6-m, must be used to pay benefits to claimants and charged to the account of the District in accordance with Labor Law Section 581(1)(e). The reserve is accounted for in the general fund.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

The District has classified the following reserves as restricted:

General Fund:

Employees' retirement system liability	\$ 918,491
Teachers' retirement system liability	1,645,320
Tax certiorari	812,038
Capital reserve	5,294,592
Employee benefit accrued liability	515,746
Unemployment insurance reserve	<u>14,848</u>

Total General Fund 9,201,035

Capital Fund 1,097,291

Miscellaneous Fund 298,532

Total restricted fund balance \$ 10,596,858

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

(4) Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The District has classified the following as assigned:

General Fund:

Appropriated fund balance	\$ 4,110,420
Encumbrances	<u>645,211</u>

Total General Fund 4,755,631

School Food Service Fund 240,346

Total assigned fund balance \$ 4,995,977

(5) Unassigned - Includes all other fund balance that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

The District's unassigned fund balance is within the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year at June 30, 2022.

Order of Use of Fund Balance - The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements

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

(a) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. The difference primarily results from additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheet.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds' statement of revenue, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown below represent:

(i) Long-term revenue and expense differences

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

(ii) Capital related differences

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities, Continued

(iii) Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

(iv) Pension plan transaction differences

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

(v) Other postemployment benefit (OPEB) related differences

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

(3) Stewardship, Compliance and Accountability

(a) Budgets

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

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

The General Fund is the only fund with a legally approved budget for the year ended June 30, 2022.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgets, Continued

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

(b) Encumbrances

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

(4) Cash and Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

Deposits at year-end were entirely covered by FDIC; secured by irrevocable stand-by Letters of Credit issued by the Federal Home Loan Bank of New York; or, collateralized with securities held by the pledging financial institution in the District's name.

(5) Investments

Investments in equity securities with readily determinable fair values are reported at fair value in the miscellaneous fund (primarily donated scholarship funds). Equity securities are exposed to various risks such as interest rate, market and credit risks. Unrealized gains and losses are included in the statement of revenue, expenditures and changes in fund balances. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the miscellaneous fund.

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(5) Investments, Continued

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

These investments are classified as level 1.

<u>Investment</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
Fidelity Balance Fund	Miscellaneous	\$ 22,064	Mutual Fund
Columbia Bond Fund-A	Miscellaneous	<u>27,422</u>	Mutual Fund
Total		\$ <u>49,486</u>	

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(6) Capital Assets

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated - land	\$ <u>1,776,500</u>	-	-	<u>1,776,500</u>
Capital assets that are depreciated:				
Land improvements	1,371,571	-	-	1,371,571
Buildings and improvements	66,638,850	-	-	66,638,850
Furniture and equipment	<u>1,852,881</u>	<u>465,547</u>	-	<u>2,318,428</u>
Total depreciable assets	<u>69,863,302</u>	<u>465,547</u>	-	<u>70,328,849</u>
Less accumulated depreciation	<u>(31,031,977)</u>	<u>(1,696,289)</u>	-	<u>(32,728,266)</u>
Capital assets, net	\$ <u>40,607,825</u>	<u>(1,230,742)</u>	-	<u>39,377,083</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 254,443
Instructional	1,390,957
School lunch program	<u>50,889</u>
Total depreciation	\$ <u>1,696,289</u>

(7) Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2022 are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid/ Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-term liabilities:					
Bonds payable	\$ 23,370,000	-	2,470,000	20,900,000	2,595,000
Bond premiums	1,562,416	-	189,384	1,373,032	189,384
Installment purchase debt	3,136,862	-	321,513	2,815,349	329,610
Compensated absences	1,228,098	-	90,554	1,137,544	45,806
Total OPEB liability	127,926,142	12,422,881	-	140,349,023	-
Net pension liability (asset) proportionate share - TRS	4,901,122	-	36,068,711	(31,167,589)	-
Net pension liability (asset) proportionate share - ERS	<u>15,972</u>	-	<u>1,392,178</u>	<u>(1,376,206)</u>	-
Total long-term liabilities	\$ <u>162,140,612</u>	<u>12,422,881</u>	<u>40,532,340</u>	<u>134,031,153</u>	<u>3,159,800</u>

The general fund has typically been used to liquidate long-term liabilities such as compensated absences.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Long-Term Liabilities, Continued

Existing serial bonds and installment purchase obligations are as follows:

General obligation bonds - The District issues general obligation bonds to provide funds for construction renovation and improvement of capital facilities. The following is a summary of outstanding bonds as of June 30, 2022.

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
District improvements	08/01/08	04/01/23	4.00% - 4.55%	\$ 335,000
High school refunding	09/06/12	10/15/29	2.50% - 5.00%	20,565,000
Energy performance note	04/30/15	04/01/30	2.79%	<u>2,815,349</u>
				\$ <u>23,715,349</u>

Upon default of the payment of principal or interest on the serial bonds of the District, the bondholders have the right to litigate and the New York State Comptroller is required under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District, and to apply the amount so withheld to the payment of defaulted principal and interest with respect to the serial bonds.

The following is a summary of maturing debt service requirements:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,924,610	727,500
2024	2,707,912	600,056
2025	2,791,423	513,583
2026	2,875,148	423,895
2027	2,984,092	325,250
2028 - 2030	<u>9,432,164</u>	<u>429,082</u>
Total	\$ <u>23,715,349</u>	<u>3,019,366</u>

Interest on long-term debt for the year ended June 30, 2022 was composed of:

Interest paid	\$ 860,185
Less interest accrued in the prior year	(181,721)
Less amortization of bond premiums	(189,384)
Plus interest accrued in the current year	155,249
Plus amortization of deferred amounts on refunding	<u>201,728</u>
Total interest expense	\$ <u>846,057</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) State and Federal Aid Receivable

State and federal aid receivable at June 30, 2022 consists of the following:

General Fund:	
Excess cost aid	\$ 501,991
BOCES aid	793,196
Federal aid	101,330
General aid	<u>24,748</u>
	<u>1,421,265</u>
Special Aid Fund:	
State aid	61,707
Federal aid	<u>2,061,791</u>
	<u>2,123,498</u>
School Food Service Fund:	
State aid	7,629
Federal aid	<u>307,622</u>
	<u>315,251</u>
Capital Projects Fund - state aid	<u>44,517</u>
Total	\$ <u>3,904,531</u>

(9) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. Benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in 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. Additional information regarding TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in 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 District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/01/2021	6/30/2020
Measurement date	3/31/2022	6/30/2021
Net pension asset	\$1,376,206	31,167,589
District's proportion of the Plan's net pension asset	0.0168352%	0.179858%
Change in proportionate share	0.0007953	0.002501

For the year ended June 30, 2022, the District's recognized pension expense of \$209,503 for ERS and (\$1,821,126) for TRS in the statement of activities.

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 104,222	4,296,122	135,182	161,929
Changes of assumptions	2,296,733	10,251,671	38,755	1,815,420
Net difference between projected and actual investment earnings on pension plan investments	-	-	4,506,498	32,620,107
Changes in proportion and differences between the District's contributions and proportionate share of contributions	354,638	187,769	15,487	321,863
District's contributions subsequent to the measurement date	<u>157,765</u>	<u>3,122,979</u>	<u>-</u>	<u>-</u>
Total	\$ <u>2,913,358</u>	<u>17,858,541</u>	<u>4,695,922</u>	<u>34,919,319</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ (224,496)	(4,057,658)
2024	(408,770)	(4,758,693)
2025	(1,096,225)	(5,961,262)
2026	(210,838)	(7,867,481)
2027	-	1,436,677
Thereafter	<u>-</u>	<u>1,024,660</u>
	\$ <u>(1,940,329)</u>	<u>(20,183,757)</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(c) Actuarial Assumptions

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Cost of living adjustments	1.4% annually	1.3%, annually
Inflation rate	2.70%	2.40%

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

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

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selections 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 investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized as follows:

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2022		June 30, 2021	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	3.30%	32%	6.80%	33%
International equity	5.85%	15%	7.60%	16%
Real estate equity	5.00%	9%	6.50%	11%
Global equity	-	-	7.10%	4%
Domestic fixed income	-	-	1.30%	16%
Global bonds	-	-	0.80%	2%
High-yield bonds	-	-	3.80%	1%
Real estate debt	-	-	3.30%	7%
Private equity	6.50%	10%	10.00%	8%
Private debt	-	-	5.90%	1%
Real assets	5.80%	3%	-	-
Fixed income	-	23%	-	-
Opportunistic/ARS portfolio	4.10%	3%	-	-
Credit	3.78%	4%	-	-
Cash	(1.00%)	1%	(0.02%)	1%
		100%		100%

* Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

(d) Discount Rate

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

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

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

The following presents the District's proportionate share of the ERS and TRS net pension assets calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$(3,542,239)	<u>1,376,206</u>	<u>5,490,331</u>
 TRS	 1% Decrease (5.95%)	 Current Discount (6.95%)	 1% Increase (7.95%)
Employer's proportionate share of the net pension asset	\$3,270,584	<u>31,167,589</u>	<u>54,612,997</u>

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the measurement dates indicated below were as follows:

	(Dollars in Millions)	
Measurement Date	<u>ERS</u>	<u>TRS</u>
	March 31, 2022	June 30, 2021
Employers' total pension asset (liability)	\$ (223,875)	(130,819)
Plan net position	<u>232,050</u>	<u>148,148</u>
Employers' net pension asset	\$ <u>8,175</u>	<u>17,329</u>
Ratio of plan net position to the employers' total pension asset	103.65%	113.2%

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$157,765. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2022 were \$728,864.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(g) Contributions to the Pension Plans, Continued

TRS employer and employee contributions for the year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2022 amounted to \$3,448,589 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2022 were \$3,122,979.

(10) Other Postemployment Benefits

(a) General Information about the OPEB Plan

Plan Description - The District's defined benefit OPEB plan (the District's OPEB plan), provides OPEB for eligible retired employees, their spouses and their dependent children. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District based on employment contracts. As these employment contracts are renegotiated, eligibility and benefits may change over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - The District's OPEB plan subsidizes the cost of healthcare eligible retired employees, their spouses and their dependent children. They are eligible for lifetime postretirement benefits if the employee has worked for the District for at least five years and is 55 years of age or older. The District reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Surviving spouses do not receive any reimbursement.

The District contributes 75% of the cost of health insurance for qualified retirees and 50% of the cost of their dependents. The method used for this calculation is 75% of single coverage and 50% of the difference between single and family coverage.

Upon the death of the retiree, surviving spouses will contribute 100% of the cost of the blended premium.

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

Inactive employees or beneficiaries currently receiving benefit payments	325
Active employees	<u>419</u>
Total employees covered by benefit terms	<u>744</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits, Continued

(b) Total OPEB Liability

The District's total OPEB liability of \$140,349,023 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.80%
Discount Rate	2.16%
Healthcare Cost Trend Rates	Pre-65: 7.00% for 2022, decreasing to an ultimate rate of 4.50% for 2029 and later years Post-65: 7.80% for 2022, decreasing to an ultimate rate of 4.50% for 2029 and later years
Retirees' Share of Benefit Related Costs	Retirees pay 25% of the cost of single coverage and 50% of the difference between single and family coverage. Surviving spouse pay 100% of the cost of the blended premium.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 General Obligation Index.

Mortality rates were based on the PUB-2010 Headcount Weighted Mortality Table projected generationally with Scale MP-2021.

Balance at June 30, 2021	\$ 127,926,142
Changes for the year:	
Service cost	6,653,338
Interest	2,950,202
Changes of assumptions	4,932,094
Differences between expected and actual experience	71,546
Benefit payments	<u>(2,184,299)</u>
Net changes	<u>12,422,881</u>
Balance at June 30, 2022	\$ <u>140,349,023</u>

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

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ <u>169,267,323</u>	<u>140,349,023</u>	<u>117,717,187</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits, Continued

(b) Total OPEB Liability, Continued

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

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>113,605,738</u>	<u>140,349,023</u>	<u>176,033,992</u>

(c) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$10,704,454. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 1,330,441	8,531
Changes of assumption or other inputs	19,306,694	8,867,138
District's contributions subsequent to the measurement date	<u>2,177,154</u>	<u>-</u>
Total	\$ <u>22,814,289</u>	<u>8,875,669</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 1,100,914
2024	1,100,914
2025	1,100,914
2026	2,377,885
2027	3,200,306
Thereafter	<u>2,880,533</u>
	\$ <u>11,761,466</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Interfund Transactions - Governmental Funds

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. Interfund receivables, payables and transfers of the District as of and for the year ended June 30, 2022 consisted of the following:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,583,937	66,420	-	682,520
Special Aid Fund	16	2,039,892	126,180	-
School Food Service Fund	-	540,651	3,061	-
Capital Projects Fund	66,404	394	553,279	-
Miscellaneous Funds	-	3,000	-	-
Totals	<u>\$ 2,650,357</u>	<u>2,650,357</u>	<u>682,520</u>	<u>682,520</u>

The District typically transfers from the general fund to the capital projects fund, to finance capital construction projects. The District typically transfers from the general fund to the special aid fund to fund the District's 20% share of summer school handicap expenses required by state law.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

(12) Risk Management

(a) General

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

(b) Consortiums

The District participates in Orange/Ulster School District Health Insurance Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 19 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool. The District has essentially transferred all related risk to the pool.

The District participates with 16 other school districts, Orange/Ulster BOCES and Ulster BOCES in the Orange/Ulster School District Workers Compensation Self-Insurance Plan, a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. Entities joining the plan must remain members for a minimum of five years; a member may withdraw from the plan after that time by providing 180 days written notice. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Risk Management, Continued

(b) Consortiums, Continued

The most recently issued report for workers' compensation is for June 30, 2021. As of June 30, 2021, the Plans' total liabilities for unpaid claims and claim adjustment expenses was \$32,649,510. The total plan assets were \$45,773,266. During the year ended June 30, 2022, the District's contribution to the Plan was \$264,643. Based on the workers' compensation report, the District's portion is undeterminable and is considered immaterial.

(13) Commitments and Contingencies

(a) Grants

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

(b) Litigation

As of June 30, 2022, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

(14) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements except as indicated below.

The District issued a \$16,675,000 Refunding Serial Bond on August 11, 2022 with an interest rate ranging from 3% to 5% which matures on October 15, 2029.

(15) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(16) Accounting Standards Issued But Not Yet Implemented

The GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund
 Year ended June 30, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u>)	Final Budget Variance With Budgetary <u>Actual</u>
Revenue:				
Real property taxes	\$ 48,165,691	48,165,691	48,133,382	(32,309)
Other tax items - including STAR reimbursement	2,932,955	2,932,955	2,933,193	238
Charges for services	81,275	81,275	340,270	258,995
Use of money and property	102,998	102,998	40,448	(62,550)
Sale of property and compensation for loss	-	210,750	217,514	6,764
Miscellaneous	140,000	159,512	448,347	288,835
State sources	22,938,366	22,938,366	22,524,186	(414,180)
Federal sources	<u>25,000</u>	<u>151,670</u>	<u>286,785</u>	<u>135,115</u>
Total revenue	74,386,285	74,743,217	<u>74,924,125</u>	<u>180,908</u>
Appropriated fund balance	2,250,000	2,250,000		
Prior year encumbrances	<u>-</u>	<u>504,344</u>		
Total revenue, including prior year encumbrances	<u>\$ 76,636,285</u>	<u>77,497,561</u>		

(Continued)

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund, Continued

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Variance With Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of Education	\$ 69,527	58,187	54,924	-	3,263
Central administration	357,617	360,504	359,164	42	1,298
Finance	627,412	657,822	652,050	4,026	1,746
Staff	462,391	465,863	354,552	895	110,416
Central services	5,972,928	6,404,256	5,913,622	150,848	339,786
Special items	897,597	865,650	859,525	-	6,125
Instructional:					
Instruction, administration	2,642,080	2,658,897	2,501,162	23,898	133,837
Teaching - regular school	21,081,850	21,425,850	20,022,136	242,126	1,161,588
Programs for children with handicapping conditions	10,648,728	10,314,607	9,224,135	61,343	1,029,129
Occupational education	834,470	1,049,048	1,049,048	-	-
Teaching - special schools	63,085	35,094	540	-	34,554
Instructional media	2,719,545	2,948,918	2,506,468	156,503	285,947
Pupil services	4,236,618	4,254,661	4,087,929	5,405	161,327
Pupil transportation	3,958,338	3,963,901	3,796,836	-	167,065
Community services	22,152	22,152	22,151	-	1
Employee benefits	17,659,702	17,573,298	15,999,718	125	1,573,455
Debt service - principal	2,787,013	2,791,513	2,791,513	-	-
Debt service - interest	877,500	873,000	860,185	-	12,815
Total expenditures	<u>75,918,553</u>	<u>76,723,221</u>	<u>71,055,658</u>	<u>645,211</u>	<u>5,022,352</u>
Other financing uses - operating transfers out	<u>717,732</u>	<u>774,340</u>	<u>682,520</u>	<u>-</u>	<u>91,820</u>
Total expenditures and other financing uses	<u>\$ 76,636,285</u>	<u>77,497,561</u>	<u>71,738,178</u>	<u>645,211</u>	<u>5,114,172</u>
Net change in fund balance			3,185,947		
Fund balance at beginning of year			<u>14,901,947</u>		
Fund balance at end of year			<u>\$ 18,087,894</u>		

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the District's
 Total OPEB Liability and Related Ratios
 Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 6,653,338	4,896,935	4,262,042	4,084,407	4,913,950
Interest	2,950,202	3,820,399	3,712,119	3,449,701	2,982,018
Changes of assumptions	4,932,094	14,936,413	6,315,917	(6,830,073)	(13,648,710)
Difference between expected and actual experience	71,546	1,374,128	(13,853)	478,132	-
Benefit payments	<u>(2,184,299)</u>	<u>(2,078,225)</u>	<u>(1,898,116)</u>	<u>(1,704,492)</u>	<u>(1,677,865)</u>
Net change in total OPEB liability	12,422,881	22,949,650	12,378,109	(522,325)	(7,430,607)
Total OPEB liability - beginning	<u>127,926,142</u>	<u>104,976,492</u>	<u>92,598,383</u>	<u>93,120,708</u>	<u>100,551,315</u>
Total OPEB liability - ending	<u>\$140,349,023</u>	<u>127,926,142</u>	<u>104,976,492</u>	<u>92,598,383</u>	<u>93,120,708</u>
Covered payroll	\$ 37,887,340	36,107,727	33,984,959	32,747,113	31,509,267
Total OPEB liability as a percentage of covered payroll	370.44%	354.29%	308.89%	282.77%	295.53%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rate used in each period:

2022	2.16%
2021	2.21%
2020	3.51%
2019	3.87%
2018	3.58%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of District's Proportionate Share of the Net Pension Asset/Liability
 Year ended June 30, 2022

<u>TRS System - Asset (Liability)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension asset (liability)	0.1798580%	0.1773670%	0.1735490%	0.1767540%	0.1785110%	0.1768870%	0.1764670%	0.1714150%	0.1684900%
The District's proportionate share of the net pension asset (liability)	\$ 31,167,589	(4,901,122)	4,508,807	3,196,186	1,356,865	(18,994,530)	18,329,335	19,094,561	1,109,091
The District's covered payroll	\$ 31,867,135	30,552,592	28,968,101	28,791,306	28,288,191	27,295,393	26,507,792	25,320,663	24,680,127
The District's proportionate share of the net pension liability as a percentage of covered payroll	97.80%	-16.04%	15.56%	11.10%	4.80%	-69.59%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	113.25%	97.80%	102.17%	101.25%	100.66%	99.01%	110.46%	111.48%	100.70%
 <u>ERS System - Asset (Liability)</u>									
The District's proportion of the net pension asset (liability)	0.0168352%	0.016040%	0.015098%	0.015655%	0.015808%	0.015763%	0.016056%	0.016543%	0.016543%
The District's proportionate share of the net pension asset (liability)	\$ 1,376,206	(15,972)	(3,998,012)	(1,109,197)	(510,185)	(1,481,161)	(2,576,951)	(558,873)	(747,568)
The District's covered payroll	\$ 5,612,823	5,496,089	5,387,986	5,147,400	4,990,555	4,827,988	4,501,460	4,493,301	4,445,178
The District's proportionate share of the net pension asset as a percentage of covered payroll	24.52%	-0.29%	-74.20%	-21.55%	-10.22%	6.97%	69.54%	79.15%	79.15%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of District's Pension Contributions
 Year ended June 30, 2022

<u>TRS System</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,122,979	2,911,662	3,076,412	2,821,548	3,315,376	3,619,369	4,646,816	4,114,608	2,922,127
Contribution in relation to the contractually required contribution	<u>3,122,979</u>	<u>2,911,662</u>	<u>3,076,412</u>	<u>2,821,548</u>	<u>3,315,376</u>	<u>3,619,369</u>	<u>4,646,816</u>	<u>4,114,608</u>	<u>2,922,127</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	<u>\$ 31,867,135</u>	<u>30,552,592</u>	<u>28,968,101</u>	<u>28,791,306</u>	<u>28,288,191</u>	<u>27,295,393</u>	<u>26,507,792</u>	<u>25,320,663</u>	<u>24,680,127</u>
Contribution as a percentage of covered payroll	9.80%	9.53%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%
<u>ERS System</u>									
Contractually required contribution	\$ 728,864	789,895	740,373	739,369	730,751	702,346	835,743	919,469	954,639
Contribution in relation to the contractually required contribution	<u>728,864</u>	<u>789,895</u>	<u>740,373</u>	<u>739,369</u>	<u>730,751</u>	<u>702,346</u>	<u>835,743</u>	<u>919,469</u>	<u>954,639</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	<u>\$ 5,612,823</u>	<u>5,496,089</u>	<u>5,387,986</u>	<u>5,147,400</u>	<u>4,990,555</u>	<u>4,827,988</u>	<u>4,501,460</u>	<u>4,493,301</u>	<u>4,445,178</u>
Contribution as a percentage of covered payroll	12.99%	14.37%	13.74%	14.36%	14.64%	14.55%	18.57%	20.46%	21.48%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

CORNWALL CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Change from Adopted Budget to Final Budget and
 the Real Property Tax Law Limit - General Fund
 Year ended June 30, 2022

Change from adopted budget to final budget:		
Original budget		\$ 76,636,285
Add prior year's encumbrances		504,344
Add budget revisions		<u>356,932</u>
Final budget		<u>\$ 77,497,561</u>
<u>Section 1318 of Real Property Tax Law Limit Calculation</u>		
2022-2023 expenditure budget		<u>\$ 81,451,598</u>
Maximum allowed 4% of 2022-2023 budget		<u>\$ 3,258,064</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Encumbrances	\$ 645,211	
Appropriated fund balance	4,110,420	
Unassigned fund balance	<u>3,258,064</u>	
Total unrestricted fund balance		8,013,695
Less:		
Encumbrances	645,211	
Appropriated fund balance	<u>4,110,420</u>	
Total adjustments		<u>4,755,631</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 3,258,064</u>
Actual percentage		4.00%

- * Per the New York State Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CORNWALL CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Project Expenditures - Capital Projects Fund
 June 30, 2022

Project Title	Expenditures and Obligations to Date					Methods of Financing				Fund Balance 6/30/2022	
	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Sources	Local Sources		Total
District-Wide Project, 18-19	\$ 355,000	354,873	202,703	-	202,703	152,170	-	-	354,873	354,873	152,170
Smart Schools Bond Act	1,157,616	1,157,616	279,459	-	279,459	878,157	-	212,353	421,404	633,757	354,298
District-Wide Project, 19-20	355,000	355,000	113,023	-	113,023	241,977	-	-	355,000	355,000	241,977
Middle School Flooring Project	131,875	131,875	-	18,206	18,206	113,669	-	-	131,875	131,875	113,669
High School Cooling Tower Project	355,000	355,000	-	19,200	19,200	335,800	-	-	355,000	355,000	335,800
District-Wide Project, 21-22	<u>22,994,338</u>	<u>22,994,338</u>	-	<u>100,623</u>	<u>100,623</u>	<u>22,893,715</u>	-	-	-	-	<u>(100,623)</u>
Total	<u>\$ 25,348,829</u>	<u>25,348,702</u>	<u>595,185</u>	<u>138,029</u>	<u>733,214</u>	<u>24,615,488</u>	-	<u>212,353</u>	<u>1,618,152</u>	<u>1,830,505</u>	<u>1,097,291</u>

CORNWALL CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Net Investment in Capital Assets
 June 30, 2022

Capital assets, net		\$ 39,377,083
Add deferred amount on refunding		1,462,527
Deduct:		
Short-term portion of bonds payable	\$ 2,595,000	
Long-term portion of bonds payable	18,305,000	
Short-term portion of unamortized bond premium	189,384	
Long-term portion of unamortized bond premium	1,183,648	
Short-term portion of installment purchase debt	329,610	
Long-term portion of installment purchase debt	<u>2,485,739</u>	<u>25,088,381</u>
Net investment in capital assets		<u>\$ 15,751,229</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Federal Grant Compliance Audit
June 30, 2022

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

The Board of Education
Cornwall Central School District
Cornwall, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cornwall Central School District (the District), as of and for the year ended June 30, 2022, and the related notes to the basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 4, 2022

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

The Board of Education
Cornwall Central School District
Cornwall, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 4, 2022

CORNWALL CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	0033-22-0678	\$ 664,792	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-21-0678	4,513	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-22-0678	<u>23,682</u>	<u>-</u>
			28,195	-
Total Special Education Cluster			<u>692,987</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-2235	50,301	-
Title I Grants to Local Educational Agencies	84.010	0021-22-2235	<u>126,670</u>	<u>-</u>
			176,971	-
English Language Acquisition Grants	84.365	0293-22-2235	8,283	-
Supporting Effective Instruction State Grants	84.367	0147-21-2235	10,238	-
Supporting Effective Instruction State Grants	84.367	0147-22-2235	<u>13,444</u>	<u>-</u>
			23,682	-
Student Support and Academic Enrichment Program	84.424	0204-22-2235	<u>7,600</u>	<u>-</u>
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5895-21-2235	18,240	-
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-2235	108,424	-
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-2235	<u>467,894</u>	<u>-</u>
			576,318	-
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-2235	595,980	-
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-2235	61,450	-
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-2235	87,274	-
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-2235	<u>997,583</u>	<u>-</u>
			1,742,287	-
Total Education Stabilization Fund			<u>2,336,845</u>	<u>-</u>
Total U.S. Department of Education			<u>3,246,368</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>				
Passed-through NYS Education Department - Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	138,493	-
National School Lunch Program	10.555	N/A	1,446,989	-
Commodity Supplemental Food Program	10.555	N/A	<u>105,814</u>	<u>-</u>
			1,552,803	-
Total U.S. Department of Agriculture			<u>1,691,296</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,937,664</u>	<u>-</u>

See accompanying notes to the schedule of expenditures of federal awards.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2022

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2022, the District used \$105,814 worth of food commodities as reported in the schedule of expenditures of federal awards.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

CORNWALL CENTRAL SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? _____ Yes x No
- 2. Significant deficiency(ies) identified? _____ Yes x None reported
- 3. Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified? _____ Yes x No
- 5. Significant deficiency(ies) identified? _____ Yes x None reported

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

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? _____ Yes x No

7. The District's major program audited was:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Education Stabilization Funds	84.425

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

9. Auditee qualified as low-risk auditee? x Yes _____ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings and questioned costs.

CORNWALL CENTRAL SCHOOL DISTRICT
Status of Prior Audit Findings
Year ended June 30, 2022

There were no audit findings in the prior year financial statements (June 30, 2021).

CORNWALL CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds and
Independent Auditors' Report
June 30, 2022

CORNWALL CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Cash Receipts, Cash Disbursements and Cash Balances	3 - 6
Note to Financial Statements	7

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cornwall Central School District
Cornwall, New York:

Opinion

We have audited the accompanying cash basis financial statement of the statement of cash receipts, cash disbursements and cash balances of the Cornwall Central School District (the District), as of and for the year ended June 30, 2022, and the related note to financial statement, which collectively comprise the District's basic financial statement as listed in the table of contents.

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective cash basis financial position of the statement of cash receipts, cash disbursements and cash balances of the District, as of June 30, 2022, in accordance with the cash basis of accounting described in note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statement in accordance with the cash basis of accounting described in note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 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 statement.

In performing an audit in accordance with GAAS, we:

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 4, 2022

CORNWALL CENTRAL SCHOOL DISTRICT
 Extraclassroom Activity Funds - All Locations
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2022

<u>Location</u>	Cash Balances <u>July 1, 2021</u>	Cash Receipts <u>Receipts</u>	Cash Disbursements <u>Disbursements</u>	Cash Balances <u>June 30, 2022</u>
Cornwall High School	\$ 78,458	159,973	145,400	93,031
Cornwall Middle School	21,175	15,999	11,011	26,163
Cornwall Athletic Activities	<u>23,733</u>	<u>61,438</u>	<u>55,205</u>	<u>29,966</u>
Total - all locations	<u>\$ 123,366</u>	<u>237,410</u>	<u>211,616</u>	<u>149,160</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Cornwall High School
 Extraclassroom Activity Funds
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2022

<u>Extraclassroom Account</u>	Cash Balances July 1, 2021	Cash Receipts	Cash Disbursements	Cash Balances June 30, 2022
Class of 2022	\$ 1,713	33,250	34,851	112
Class of 2023	408	21,997	21,592	813
Class of 2024	117	574	83	608
Class of 2025	-	960	170	790
Yearbook	7,740	10,433	14,215	3,958
Student Government	29,759	10,449	11,753	28,455
National Honor Society	249	9,003	3,678	5,574
Drama Club	19,723	45,781	34,203	31,301
High School Band	1,970	1,625	800	2,795
Key Club	1,535	1,334	2,052	817
Environmental Club	3,051	597	2,148	1,500
Foreign Language Club	748	1,250	1,250	748
Concert Choir	4,245	14,566	10,993	7,818
School Store	3,501	7,585	6,637	4,449
Orchestra	1,284	125	430	979
Book Club	19	-	-	19
Art Club	595	166	100	661
GSA	323	-	93	230
SSA	1,478	-	176	1,302
HOSA	-	278	176	102
Total extraclassroom	<u>\$ 78,458</u>	<u>159,973</u>	<u>145,400</u>	<u>93,031</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Cornwall Middle School
 Extraclassroom Activity Funds
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2022

<u>Extraclassroom Account</u>	Cash Balances July 1, 2021	Cash Receipts	Cash Disbursements	Cash Balances June 30, 2022
5th/6th SAC	\$ 877	877	708	1,046
7th/8th SAC	1,592	1,999	1,906	1,685
Yearbook	6,159	3,116	2,394	6,881
Drama	9,740	10,005	5,957	13,788
PE	1,019	-	-	1,019
Student Sunshine	1,651	-	46	1,605
Miscellaneous	137	2	-	139
Total extraclassroom	<u>\$ 21,175</u>	<u>15,999</u>	<u>11,011</u>	<u>26,163</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Cornwall Athletic Activities
 Extraclassroom Activity Funds
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2022

<u>Extraclassroom Account</u>	Cash Balances July 1, 2021	Cash Receipts	Cash Disbursements	Cash Balances June 30, 2022
Baseball	\$ 5,336	20,047	22,660	2,723
Boys Basketball	60	2,143	1,631	572
Boys Soccer	372	-	-	372
Girls Basketball	58	908	948	18
Cheerleading	1,015	-	874	141
General Athletics	291	212	500	3
Golf	25	1,000	200	825
Girls Soccer	65	960	-	1,025
Swimming	489	3,841	3,885	445
Track	415	12,594	9,087	3,922
Varsity Club	20	264	210	74
Volleyball	2,423	13,310	9,327	6,406
Wrestling	8,294	5,498	4,336	9,456
Girls Tennis	79	203	203	79
Ski	1,410	-	444	966
Softball	810	458	564	704
Boys Lacrosse	225	-	182	43
Girls Lacrosse	2,346	-	154	2,192
Total extraclassroom	<u>\$ 23,733</u>	<u>61,438</u>	<u>55,205</u>	<u>29,966</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds
Note to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The extraclassroom activity funds represent funds of the students of the Cornwall Central School District (the District). Although the extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management, the District exercises general oversight of these funds. Based on this criterion, the extraclassroom activity funds are included in the District's reporting entity. The District reports these activities of the extraclassroom organizations in the miscellaneous special revenue fund in the governmental fund financial statements.

(b) Basis of Accounting

The accounts of the extraclassroom activity funds are maintained on a cash basis, and the statements of cash receipts, cash disbursements and cash balances reflect only cash received, disbursed and transferred between funds. Therefore, receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statements.