

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE 30, 2022  
INCLUDING REPORTS ON FEDERAL AWARDS  
AND EXTRACLASSROOM ACTIVITY FUNDS

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
JUNE 30, 2022  
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**Nugent & Haeussler, P.C.**  
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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of  
Warwick Valley Central School District  
Warwick, New York 10990

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 4–14 and 66–70 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 Warwick Valley Central School District's basic financial statements. The supplemental schedules on pages 71-74 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 supplemental schedules on pages 71-74 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 3, 2022 on our consideration of the Warwick Valley Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Warwick Valley Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Warwick Valley Central School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Nugent & Haussler, P.C.".

Montgomery, New York  
October 3, 2022

## WARWICK VALLEY CENTRAL SCHOOL DISTRICT

### **Management Discussion and Analysis**

#### **Introductory Section**

The following is a discussion and analysis of Warwick Valley Central School District's financial performance for the year ended June 30, 2022. The section is a summary of Warwick Valley Central School 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**

##### **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 fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- 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 *custodian* for the benefit of others.

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

Figure A-1 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.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis  
(Continued)**

**Overview of the Financial Statements (Continued)**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/ liability/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	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if applicable), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; 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

## WARWICK VALLEY CENTRAL SCHOOL DISTRICT

### **Management 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 revenues 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 liabilities, 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).

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 at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or custodian, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.



WARWICK VALLEY CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis  
(Continued)**

**Financial Analysis of the District as a Whole**

The District's net position at June 30, 2022 is a deficit of \$107,254,842. This is a \$441,386 decrease from last year's deficit net position of \$106,813,456. The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities		
	June 30, 2022	As Restated June 30, 2021	% Change
Current Assets	\$ 36,597,275	\$ 33,081,378	10.63%
Pension Asset	35,848,844	0	#DIV/0!
Capital Assets, Net	84,606,832	86,950,280	-2.70%
Deferred Outflows	59,064,098	57,930,132	1.96%
Total Assets and Deferred Outflows	216,117,049	177,961,790	21.44%
Current Liabilities	9,990,711	10,861,355	-8.02%
Pension Liability	0	5,435,402	-100.00%
Long-Term Debt Outstanding	258,119,530	245,354,460	5.20%
Deferred Inflows	55,261,651	23,124,029	138.98%
Total Liabilities and Deferred Inflows	323,371,891	284,775,246	13.55%
Net Position:			
Net Investment in Capital Assets	58,189,694	55,273,059	5.28%
Restricted	55,242,870	19,936,946	177.09%
Unrestricted	(220,687,406)	(182,023,461)	-21.24%
Total Net Position	\$ (107,254,842)	\$ (106,813,456)	-0.41%

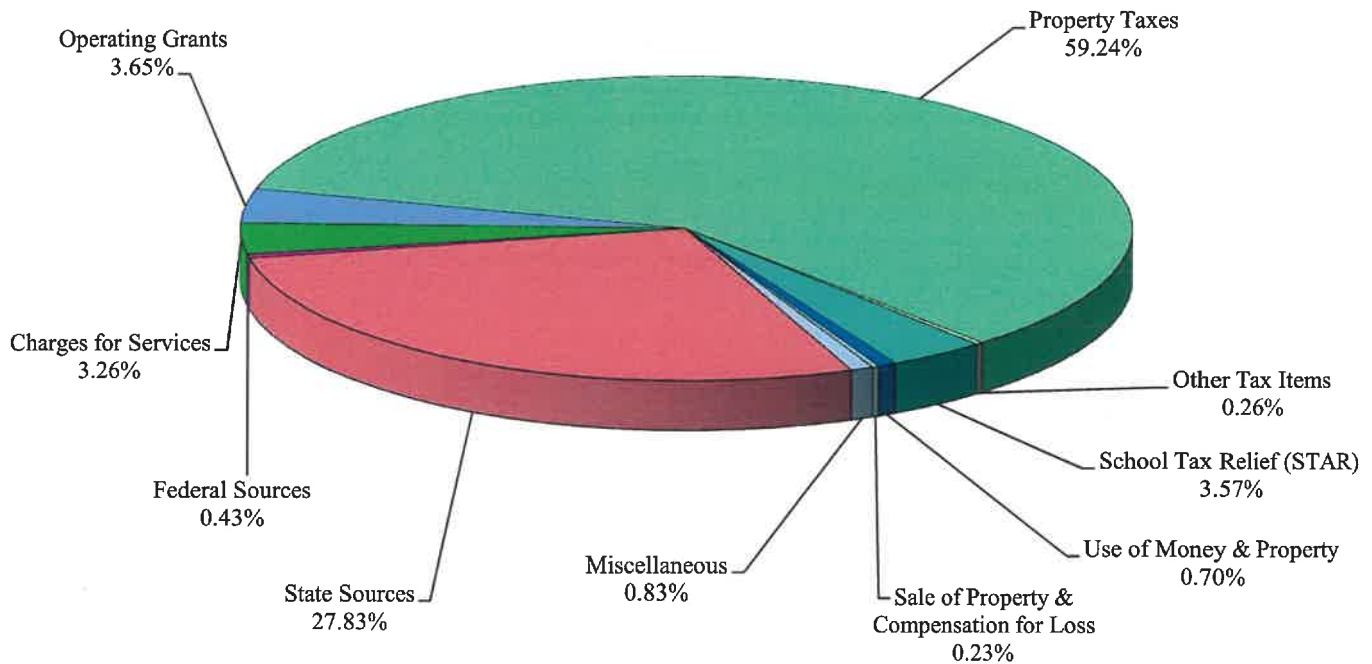
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2022:

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF ACTIVITIES  
SUMMARY OF CHANGES IN NET POSITION

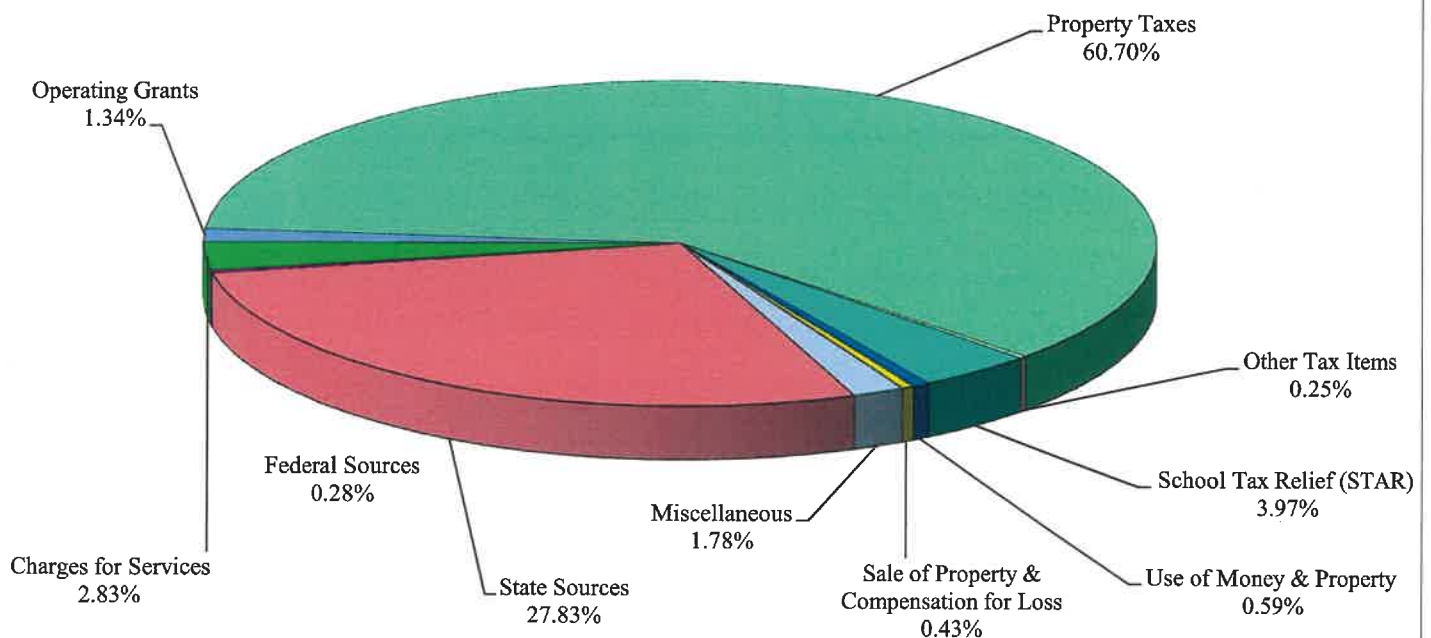
	<u>JUNE 30, 2022</u>	<u>%</u>	<u>JUNE 30, 2021</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 3,347,583	3.26%	\$ 2,818,223	2.83%	\$ 529,360	18.78%
Operating Grants	3,747,696	3.65%	1,339,296	1.34%	2,408,400	179.83%
GENERAL REVENUES:						
Property Taxes	60,846,287	59.24%	60,509,729	60.70%	336,558	0.56%
Other Tax Items	267,490	0.26%	247,107	0.25%	20,383	8.25%
School Tax Relief (STAR)	3,667,733	3.57%	3,956,693	3.97%	(288,960)	-7.30%
Use of Money & Property	722,211	0.70%	592,732	0.59%	129,479	21.84%
Sale of Property & Compensation for Loss	235,978	0.23%	424,070	0.43%	(188,092)	-44.35%
Miscellaneous	849,122	0.83%	1,778,352	1.78%	(929,230)	-52.25%
State Sources	28,585,167	27.83%	27,742,924	27.83%	842,243	3.04%
Federal Sources	442,674	0.43%	275,665	0.28%	167,009	60.58%
TOTAL REVENUES	<u>102,711,941</u>	<u>100.00%</u>	<u>99,684,791</u>	<u>100.00%</u>	<u>3,027,150</u>	<u>3.04%</u>
<u>EXPENSES</u>						
General Support	7,967,591	7.72%	8,184,485	8.02%	(216,894)	-2.65%
Instruction	57,957,076	56.19%	51,622,826	50.60%	6,334,250	12.27%
Pupil Transportation	4,696,623	4.55%	3,935,570	3.86%	761,053	19.34%
Employee Benefits	26,063,126	25.27%	32,782,517	32.14%	(6,719,391)	-20.50%
Debt Service Interest	536,405	0.52%	709,898	0.70%	(173,493)	-24.44%
Depreciation and Amortization	4,947,639	4.80%	4,131,748	4.05%	815,891	19.75%
School Lunch Program	984,867	0.95%	644,714	0.63%	340,153	52.76%
TOTAL EXPENSES	<u>103,153,327</u>	<u>100.00%</u>	<u>102,011,758</u>	<u>100.00%</u>	<u>1,141,569</u>	<u>1.12%</u>
CHANGE IN NET POSITION	<u>\$ (441,386)</u>		<u>\$ (2,326,967)</u>		<u>\$ 1,885,581</u>	

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK

**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

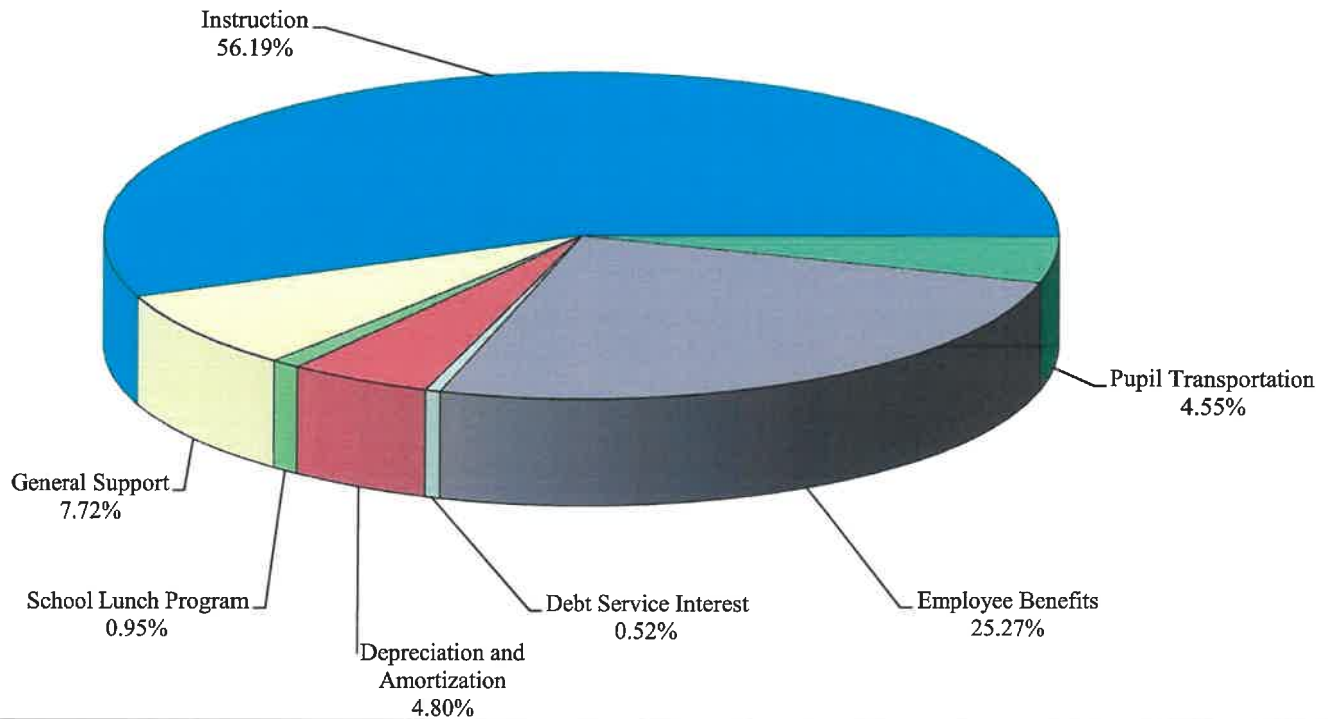


**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

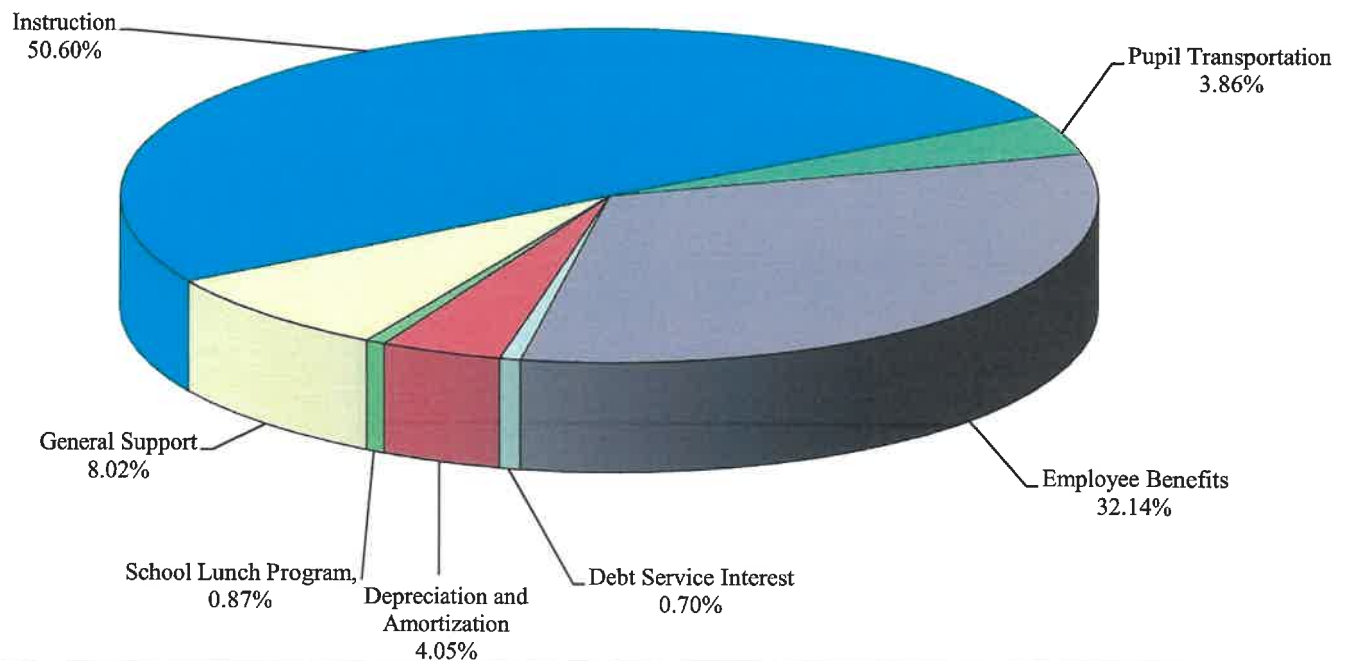


WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK

**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

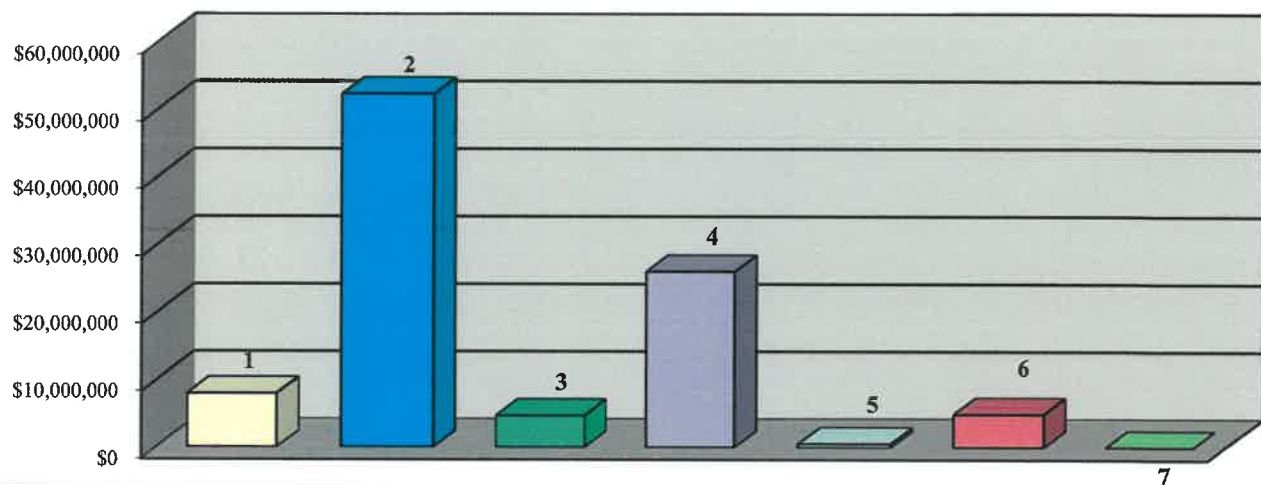


**WARWICK VALLEY CENTRAL SCHOOL DISTRICT**  
**WARWICK, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**NET COSTS**

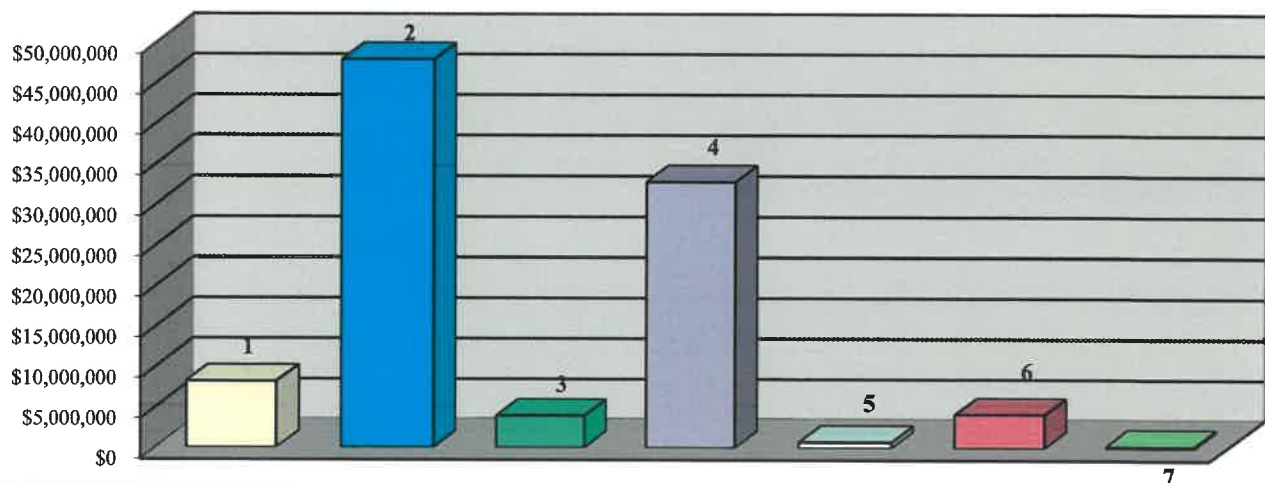
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2021-2022	NET COST OF SERVICES 2021-2022	TOTAL COST OF SERVICES 2020-2021	NET COST OF SERVICES 2020-2021
General Support	1	\$ 7,967,591	\$ 7,967,591	\$ 8,184,485	\$ 8,184,485
Instruction	2	57,957,076	52,338,057	51,622,826	47,874,939
Pupil Transportation	3	4,696,623	4,696,623	3,935,570	3,935,570
Employee Benefits	4	26,063,126	26,063,126	32,782,517	32,782,517
Debt Service - Interest	5	536,405	536,405	709,898	709,898
Depreciation	6	4,947,639	4,947,639	4,131,748	4,131,748
School Lunch Program	7	984,867	(491,393)	644,714	235,082
		<u>\$ 103,153,327</u>	<u>\$ 96,058,048</u>	<u>\$ 102,011,758</u>	<u>\$ 97,854,239</u>

**NET COSTS 2021-2022**



**NET COSTS 2020-2021**



## WARWICK VALLEY CENTRAL SCHOOL DISTRICT

### **Management 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 Lunch Fund, Debt Service Fund and Capital Projects Fund. The total 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>Committed</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 0	\$ 14,051,096	\$ 4,733,398	\$ 4,153,465	\$ 22,937,959
Special Aid	0	0	0	0	0	0
School Lunch	57,412	0	752,987	0	0	810,399
Capital Projects	0	0	4,129,337	0	0	4,129,337
Debt Service	0	0	460,606	0	0	460,606
	<u>\$ 57,412</u>	<u>\$ 0</u>	<u>\$ 19,394,026</u>	<u>\$ 4,733,398</u>	<u>\$ 4,153,465</u>	<u>\$ 28,338,301</u>

June 30, 2021						
	<u>Nonspendable</u>	<u>Committed</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 0	\$ 18,961,013	\$ 4,284,531	\$ 4,019,337	\$ 27,264,881
Special Aid	0	0	0	0	0	0
School Lunch	45,803	0	415,748	0	0	461,551
Capital Projects	0	0	0	0	(900,732)	(900,732)
Debt Service	0	0	560,185	0	0	560,185
	<u>\$ 45,803</u>	<u>\$ 0</u>	<u>\$ 19,936,946</u>	<u>\$ 4,284,531</u>	<u>\$ 3,118,605</u>	<u>\$ 27,385,885</u>

#### General Fund Budgetary Highlights

The original budget for the General Fund was revised by \$6,041,800 during the year. The supplemental appropriations consisted of appropriations of the Capital Reserve, Pine Island Fire Alarm and Water System, Sanfordville Chiller, and BOCES ELC Grant.

In the General Fund for the year ended June 30, 2022, actual revenues were greater than revised budgeted revenues by \$618,547 (0.64%). Revenue sources most significantly greater than the budgeted amount were Federal Sources as well as miscellaneous, which was primarily a refund from BOCES. Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$2,359,859 (2.19%). The most significant unencumbered balances related to instructional expenses for teaching – regular school in the amount of \$621,944, employee benefits in the amount of \$408,695, and central services in the amount of \$438,058. Effective budget management and close monitoring contributed to these unencumbered appropriations. Additionally, expenditure needs were impacted due to the pandemic.

For the year 2022-2023, the District appropriated \$1,400,000 of fund balance to reduce the tax levy.

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

- New York State Aid revenues may be affected due to state wide budget constraints.
- Employee benefits, including health benefits and teachers' and employees' retirement continue to rise.
- Current economic conditions are expected to reduce future revenues and increase costs.
- Costs related to pandemic instructional and safety needs.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis  
(Continued)**

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

New York State Legislature contains legislation, Chapter 97 of the Laws of 2011 that established a “property tax cap” on the amount that a school district’s property tax levy can increase each year. This legislation specifies that property taxes levied by a school district generally cannot increase by more than two percent, or the rate of inflation, whichever is less. The law does allow school districts to levy an additional amount for certain excludable expenditures. School districts can adopt a tax levy that exceeds the statutory limit if the budget that is presented to the public is approved by sixty percent of the votes cast.

Other Fund Highlights

The Special Aid Fund ended the year with no fund balance. During the year, expenditures were equal to revenues.

The School Lunch Program Fund ended the year with a fund balance of \$810,399. The excess of revenues over expenditures was \$348,848.

The Capital Projects Fund ended the year with a fund balance of \$4,129,337. The current year expenditures were related to ongoing District-Wide Reconstruction.

Debt Service Fund ended the year with a fund balance of \$460,606. Revenue consisted of interest.

Capital Asset and Debt Administration

Capital Assets

The District’s investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2022 was \$84,606,832. The total decrease in this net investment was 2.70% for the District as a whole (see schedule below). The District’s investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2021, was \$86,950,280. The District expended \$2,604,192 to acquire and construct capital assets during the year ended June 30, 2022, and depreciation and amortization expense for the year was \$4,944,856.

CAPITAL ASSETS

Net of Accumulated Depreciation

	School District Activities		% Change
	June 30, 2022	June 30, 2021	
<u>Non-Depreciable Assets:</u>			
Land	\$ 1,014,654	\$ 1,014,654	0.00%
Construction in Progress	663,080	4,746,673	-86.03%
<u>Depreciable Assets:</u>			
Building and Improvements	72,818,927	71,490,802	1.86%
Furniture and Equipment	7,234,561	6,502,603	11.26%
Vehicles	2,652,463	2,656,844	-0.16%
<u>Amortizable Assets:</u>			
Equipment - Right to Use	223,147	538,704	-58.58%
<b>TOTALS</b>	<u><u>\$ 84,606,832</u></u>	<u><u>\$ 86,950,280</u></u>	-2.70%

## WARWICK VALLEY CENTRAL SCHOOL DISTRICT

### **Management Discussion and Analysis (Continued)**

#### Long-Term Debt

At the end of the year, the District had total bonded debt outstanding of \$17,865,000, leases payable of \$177,349, and installment debt outstanding of \$6,528,488. This amount is backed by the full faith and credit of Warwick Valley Central School District with debt service fully funded by voter approved property taxes. Activity in long-term debt outstanding during the year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Serial Bond	\$ 790,000	\$ 0	\$ 790,000	\$ 0
Serial Bond	2,405,000	0	1,715,000	690,000
Serial Bond	5,085,000	0	220,000	4,865,000
Serial Bond	4,160,000	0	320,000	3,840,000
Serial Bond	2,865,000	0	515,000	2,350,000
Serial Bond	6,570,000	0	450,000	6,120,000
Total Bonded Debt Outstanding	<u>21,875,000</u>	<u>0</u>	<u>4,010,000</u>	<u>17,865,000</u>
Leases Payable	494,658	0	317,309	177,349
Installment Purchase Debt	<u>7,151,736</u>	<u>98,894</u>	<u>722,142</u>	<u>6,528,488</u>
Total Bonds and Notes Payable	<u>\$ 29,521,394</u>	<u>\$ 98,894</u>	<u>\$ 5,049,451</u>	<u>\$ 24,570,837</u>

#### Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

#### 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 Timothy Holmes, Assistant Superintendent for Business, at the District's business offices at the School's Business Offices at 225 West St., Warwick, New York 10990.



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022

ASSETS

Unrestricted Cash	\$ 10,714,974
Restricted Cash	20,564,868
State & Federal Aid Receivable	2,997,527
Due from Other Governments	463,381
Due from Fiduciary Funds	340
Other Receivables, Net	96,017
Inventories	57,412
Leases Receivable	1,702,756
Net Pension Asset, Proportionate Share	35,848,844
Right to Use Assets, Net	223,147
Non Depreciable Capital Assets	1,677,734
Depreciable Capital Assets, Net	<u>82,705,951</u>
 TOTAL ASSETS	 <u>157,052,951</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Plans (ERS & TRS)	24,545,060
Other Postemployment Benefits	34,447,909
Deferred Charges on Refunding	<u>71,129</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>59,064,098</u>

LIABILITIES

Accounts Payable	200,921
Accrued Liabilities	824,473
Due to Other Governments	4
Due to Teachers' Retirement System	3,808,830
Due to Employees' Retirement System	388,936
Other Liabilities	185,960
Bond Anticipation Notes	859,045
Unearned Revenues	476,201
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	2,505,487
Installment Purchase Debt	740,854
Lease Liability	177,349
Due and Payable In More Than One Year:	
Bonds Payable	16,421,653
Installment Purchase Debt	5,787,635
Compensated Absences	123,547
Other Postemployment Benefits	<u>235,609,346</u>
TOTAL LIABILITIES	<u>268,110,240</u>

DEFERRED INFLOWS OF RESOURCES

Pension Plans (ERS & TRS)	44,762,244
Other Postemployment Benefits	8,884,072
Deferred Lease Revenue	<u>1,615,335</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>55,261,651</u>

NET POSITION

Net Investment in Capital Assets	58,189,694
Restricted	55,242,870
Unrestricted	<u>(220,687,406)</u>
TOTAL NET POSITION	<u>\$ (107,254,842)</u>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

		PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
		EXPENSES	CHARGES FOR SERVICES	
<u>FUNCTIONS &amp; PROGRAMS</u>				
General Support	\$ (10,997,742)	\$ 0	\$ 0	\$ (10,997,742)
Instruction	(83,788,789)	2,682,647	2,936,372	(78,169,770)
Pupil Transportation	(6,538,747)	0	0	(6,538,747)
Debt Service – Interest	(536,405)	0	0	(536,405)
School Lunch Program	(1,291,644)	664,936	811,324	184,616
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (103,153,327)</u>	<u>\$ 3,347,583</u>	<u>\$ 3,747,696</u>	<u>(96,058,048)</u>
<u>GENERAL REVENUES</u>				
Real Property Taxes				60,846,287
Other Tax Items				3,935,223
Use of Money & Property				722,211
Sale of Property & Compensation for Loss				235,978
Miscellaneous				849,122
State Sources				28,585,167
Federal Sources				442,674
TOTAL GENERAL REVENUES				<u>95,616,662</u>
CHANGE IN NET POSITION				(441,386)
NET POSITION, BEGINNING OF YEAR (Restated)				<u>(106,813,456)</u>
NET POSITION, END OF YEAR				\$ (107,254,842)

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2022

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 10,714,974	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,714,974
Restricted Cash	14,051,096	157	706,074	5,297,221	510,320	20,564,868
State & Federal Aid Receivable	1,475,491	1,358,509	163,527	0	0	2,997,527
Due from Other Governments	463,381	0	0	0	0	463,381
Due from Other Funds	1,780,039	214,285	3,155	643	50,348	2,048,470
Due from Fiduciary Funds	340	0	0	0	0	340
Other Receivables, Net	96,017	0	0	0	0	96,017
Leases Receivable	1,702,756	0	0	0	0	1,702,756
Inventories	0	0	57,412	0	0	57,412
<b>TOTAL ASSETS</b>	<b>\$ 30,284,094</b>	<b>\$ 1,572,951</b>	<b>\$ 930,168</b>	<b>\$ 5,297,864</b>	<b>\$ 560,668</b>	<b>\$ 38,645,745</b>

LIABILITIES & FUND BALANCES

<u>LIABILITIES</u>						
Accounts Payable	\$ 200,921	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,921
Accrued Liabilities	703,916	6,962	12,864	0	0	723,742
Due to Other Governments	0	0	4	0	0	4
Due to Other Funds	248,170	1,332,600	58,156	309,482	100,062	2,048,470
Due to Teachers' Retirement System	3,808,830	0	0	0	0	3,808,830
Due to Employees' Retirement System	388,936	0	0	0	0	388,936
Other Liabilities	185,960	0	0	0	0	185,960
Bond Anticipation Notes	0	0	0	859,045	0	859,045
Unearned Revenues	194,067	233,389	48,745	0	0	476,201
<b>TOTAL LIABILITIES</b>	<b>\$ 5,730,800</b>	<b>\$ 1,572,951</b>	<b>\$ 119,769</b>	<b>\$ 1,168,527</b>	<b>\$ 100,062</b>	<b>\$ 8,692,109</b>

DEFERRED INFLOWS OF RESOURCES

Deferred Lease Revenue	1,615,335	0	0	0	0	1,615,335
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 1,615,335</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,615,335</b>

FUND BALANCES

Fund Balance:						
Nonspendable:	0	0	57,412	0	0	57,412
Restricted:	14,051,096	0	752,987	4,129,337	460,606	19,394,026
Assigned:	4,733,398	0	0	0	0	4,733,398
Unassigned:	4,153,465	0	0	0	0	4,153,465
<b>TOTAL FUND BALANCES</b>	<b>\$ 22,937,959</b>	<b>\$ 0</b>	<b>\$ 810,399</b>	<b>\$ 4,129,337</b>	<b>\$ 460,606</b>	<b>\$ 28,338,301</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 30,284,094</b>	<b>\$ 1,572,951</b>	<b>\$ 930,168</b>	<b>\$ 5,297,864</b>	<b>\$ 560,668</b>	<b>\$ 38,645,745</b>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

ASSETS	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
Unrestricted Cash	\$ 10,714,974	\$ 0	\$ 0	\$ 10,714,974
Restricted Cash	20,564,868	0	0	20,564,868
State & Federal Aid Receivable	2,997,527	0	0	2,997,527
Due from Other Governments	463,381	0	0	463,381
Due from Other Funds	2,048,470	0	(2,048,470)	0
Due from Fiduciary Funds	340	0	0	340
Other Receivables, Net	96,017	0	0	96,017
Leases Receivable	1,702,756	0	0	1,702,756
Inventories	57,412	0	0	57,412
Net Pension Asset, Proportionate Share	0	35,848,844	0	35,848,844
Right to Use Assets, Net	0	223,147	0	223,147
Non Depreciable Capital Assets	0	1,677,734	0	1,677,734
Capital Assets, Net	0	82,705,951	0	82,705,951
<b>TOTAL ASSETS</b>	<b>38,645,745</b>	<b>120,455,676</b>	<b>(2,048,470)</b>	<b>157,052,951</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Plans (ERS & TRS)	0	24,545,060	0	24,545,060
Other Postemployment Benefits	0	34,447,909	0	34,447,909
Deferred Charges on Refunding	0	71,129	0	71,129
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>0</b>	<b>59,064,098</b>	<b>0</b>	<b>59,064,098</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 38,645,745</b>	<b>\$ 179,519,774</b>	<b>\$ (2,048,470)</b>	<b>\$ 216,117,049</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES / NET POSITION**

<b>LIABILITIES</b>				
Accounts Payable	\$ 200,921	\$ 0	\$ 0	\$ 200,921
Accrued Liabilities	723,742	100,731	0	824,473
Due to Other Governments	4	0	0	4
Due to Other Funds	2,048,470	0	(2,048,470)	0
Due to Teachers Retirement System	3,808,830	0	0	3,808,830
Due to Employees' Retirement System	388,936	0	0	388,936
Other Liabilities	185,960	0	0	185,960
Bond Anticipation Notes	859,045	0	0	859,045
Unearned Revenues	476,201	0	0	476,201
Bonds Payable	0	18,927,140	0	18,927,140
Installment Purchase Debt	0	6,528,488	0	6,528,488
Lease Liability	0	177,349	0	177,349
Compensated Absences	0	123,547	0	123,547
Other Postemployment Benefits	0	235,609,346	0	235,609,346
<b>TOTAL LIABILITIES</b>	<b>8,692,109</b>	<b>261,466,601</b>	<b>(2,048,470)</b>	<b>268,110,240</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Plans (ERS & TRS)	0	44,762,244	0	44,762,244
Other Postemployment Benefits	0	8,884,072	0	8,884,072
Deferred Lease Revenue	1,615,335	0	0	1,615,335
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,615,335</b>	<b>53,646,316</b>	<b>0</b>	<b>55,261,651</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>10,307,444</b>	<b>315,112,917</b>	<b>(2,048,470)</b>	<b>323,371,891</b>
<b>FUND BALANCES / NET POSITION</b>	<b>28,338,301</b>	<b>(135,593,143)</b>	<b>0</b>	<b>(107,254,842)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND BALANCES / NET POSITION</b>	<b>\$ 38,645,745</b>	<b>\$ 179,519,774</b>	<b>\$ (2,048,470)</b>	<b>\$ 216,117,049</b>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Real Property Taxes	\$ 60,846,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,846,287
Other Tax Items	3,935,223	0	0	0	0	3,935,223
Charges for Services	2,682,647	0	0	0	0	2,682,647
Use of Money & Property	722,019	0	192	0	0	722,211
Sale of Property & Compensation for Loss	235,978	0	0	0	0	235,978
Miscellaneous	847,499	0	1,202	0	421	849,122
State Sources	27,522,356	754,204	14,495	294,112	0	28,585,167
Federal Sources	458,370	2,936,372	795,628	0	0	4,190,370
Sales	0	0	664,936	0	0	664,936
<b>TOTAL REVENUES</b>	<b>97,250,379</b>	<b>3,690,576</b>	<b>1,476,453</b>	<b>294,112</b>	<b>421</b>	<b>102,711,941</b>
<b>EXPENDITURES</b>						
General Support	9,008,057	0	0	0	0	9,008,057
Instruction	54,412,818	3,566,006	0	0	0	57,978,824
Pupil Transportation	4,696,623	0	0	0	0	4,696,623
Employee Benefits	21,276,842	296,258	142,738	0	0	21,715,838
Debt Service:						
Principal	5,362,689	0	0	0	0	5,362,689
Interest	855,597	0	0	0	0	855,597
Cost of Sales	0	0	984,867	0	0	984,867
Capital Outlay	0	0	0	1,569,162	0	1,569,162
<b>TOTAL EXPENDITURES</b>	<b>95,612,626</b>	<b>3,862,264</b>	<b>1,127,605</b>	<b>1,569,162</b>	<b>0</b>	<b>102,171,657</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>1,637,753</b>	<b>(171,688)</b>	<b>348,848</b>	<b>(1,275,050)</b>	<b>421</b>	<b>540,284</b>
<b>OTHER SOURCES &amp; USES</b>						
Proceeds from Debt	0	0	0	98,894	0	98,894
BANS Redeemed from Appropriations	0	0	0	313,238	0	313,238
Operating Transfers In	275,809	171,688	0	6,068,795	0	6,516,292
Operating Transfers Out	(6,240,484)	0	0	(175,808)	(100,000)	(6,516,292)
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>(5,964,675)</b>	<b>171,688</b>	<b>0</b>	<b>6,305,119</b>	<b>(100,000)</b>	<b>412,132</b>
<b>EXCESS (DEFICIENCY) REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>(4,326,922)</b>	<b>0</b>	<b>348,848</b>	<b>5,030,069</b>	<b>(99,579)</b>	<b>952,416</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>27,264,881</b>	<b>0</b>	<b>461,551</b>	<b>(900,732)</b>	<b>560,185</b>	<b>27,385,885</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 22,937,959</b>	<b>\$ 0</b>	<b>\$ 810,399</b>	<b>\$ 4,129,337</b>	<b>\$ 460,606</b>	<b>\$ 28,338,301</b>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<b>REVENUES</b>						
Real Property Taxes	\$ 60,846,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,846,287
Other Tax Items	3,935,223	0	0	0	0	3,935,223
Charges for Services	2,682,647	0	0	0	0	2,682,647
Use of Money & Property	722,211	0	0	0	0	722,211
Sale of Property & Compensation for Loss	235,978	0	0	0	0	235,978
Miscellaneous	849,122	0	0	0	0	849,122
State Sources	28,585,167	0	0	0	0	28,585,167
Federal Sources	4,190,370	0	0	0	0	4,190,370
Sales	664,936	0	0	0	0	664,936
<b>TOTAL REVENUES</b>	<b>102,711,941</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102,711,941</b>
<b>EXPENDITURES</b>						
General Support	9,008,057	(5,436)	740,688	0	1,254,433	10,997,742
Instruction	57,978,824	(21,748)	3,882,901	0	21,948,812	83,788,789
Pupil Transportation	4,696,623	0	277,758	0	1,564,366	6,538,747
Employee Benefits	21,715,838	4,347,288	0	0	(26,063,126)	0
Debt Service:						
Principal	5,362,689	0	0	(5,362,689)	0	0
Interest	855,597	(62,200)	0	(256,992)	0	536,405
Cost of Sales	984,867	0	46,292	0	260,485	1,291,644
Capital Outlay	1,569,162	0	(2,604,192)	0	1,035,030	0
<b>TOTAL EXPENDITURES</b>	<b>102,171,657</b>	<b>4,257,904</b>	<b>2,343,447</b>	<b>(5,619,681)</b>	<b>0</b>	<b>103,153,327</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>540,284</b>	<b>(4,257,904)</b>	<b>(2,343,447)</b>	<b>5,619,681</b>	<b>0</b>	<b>(441,386)</b>
<b>OTHER SOURCES &amp; USES</b>						
Proceeds from Debt	98,894	0	0	(98,894)	0	0
BANS Redeemed from Appropriations	313,238	0	0	(313,238)	0	0
Operating Transfers In	6,516,292	0	0	0	(6,516,292)	0
Operating Transfers Out	(6,516,292)	0	0	0	6,516,292	0
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>412,132</b>	<b>0</b>	<b>0</b>	<b>(412,132)</b>	<b>0</b>	<b>0</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ 952,416</b>	<b>\$ (4,257,904)</b>	<b>\$ (2,343,447)</b>	<b>\$ 5,207,549</b>	<b>\$ 0</b>	<b>\$ (441,386)</b>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>CUSTODIAL</u>
<u>ASSETS</u>		
Cash	<u>\$ 167,117</u>	<u>\$ 211,542</u>
TOTAL ASSETS	<u><u>\$ 167,117</u></u>	<u><u>\$ 211,542</u></u>
<u>LIABILITIES &amp; NET POSITION</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>\$ 340</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>340</u>	<u>0</u>
<u>NET POSITION</u>		
Reserved for Individuals, Organizations and Other Governments	<u>166,777</u>	<u>211,542</u>
TOTAL LIABILITIES & NET POSITION	<u><u>\$ 167,117</u></u>	<u><u>\$ 211,542</u></u>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	PRIVATE PURPOSE TRUSTS	CUSTODIAL
<u>ADDITIONS</u>		
Gifts and Contributions	\$ 21,935	\$ 0
Extraclassroom Receipts	0	312,193
Investment Earnings	56	0
	<u>21,991</u>	<u>312,193</u>
TOTAL ADDITIONS		
<u>DEDUCTIONS</u>		
Scholarships & Awards	21,450	0
Extraclassroom Disbursements	0	287,180
Other Expenses	0	0
	<u>21,450</u>	<u>287,180</u>
TOTAL DEDUCTIONS		
CHANGE IN NET POSITION	541	25,013
NET POSITION, BEGINNING OF YEAR	<u>166,236</u>	<u>186,529</u>
NET POSITION, END OF YEAR	<u>\$ 166,777</u>	<u>\$ 211,542</u>

See notes to financial statements.



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of Warwick Valley Central School District (the “District”) have been prepared in conformity 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. Where comparative amounts are presented, certain reclassifications may have been made to the prior year amounts so that they would be in conformity with the current year’s presentation. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

Warwick Valley Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. 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.

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as custodian for various student organizations in a custodial fund.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 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 Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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 ended June 30, 2022, Warwick Valley Central School District was billed \$11,552,231 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,626,729. Financial statements for BOCES are available from the BOCES administrative office at 53 Gibson Road, Goshen, NY 10924.

C. Basis of Presentation

1. District-Wide Statements

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

The Statement of Activities presents a comparison between program expenses and revenues 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 in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements

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

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or custodian 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 are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as custodian for various student groups or extraclassroom activity funds.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

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

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the 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 year for which the taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on August 19, 2021. Taxes were collected by the District during the period September 1, 2021 through November 2, 2021.

Uncollected real property taxes are subsequently enforced by the County of Orange in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following 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.

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. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions (Continued)

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 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in 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 United States and its agencies and obligations of the State and its municipalities and Districts.

J. Accounts Receivable

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

K. Leases Receivable

Leases receivable are recorded at the net present value of the lease, with a corresponding deferred inflow of resources.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

L. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates 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 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.

M. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

N. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-process are not depreciated. Capitalization thresholds (the dollar 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land Improvements	\$ 5,000	Straight Line	20 years
Buildings and Improvements	5,000	Straight Line	20 - 50 years
Furniture and Equipment	5,000	Straight Line	5 - 15 years
Vehicles	5,000	Straight Line	8 years

O. Right to Use Assets

A right of use asset is a lessee's right to use an asset over the life of the lease. Right to use assets are reported at present value.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first is related to pensions reported in the district-wide Statement of Net Position and represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second deferred outflow is related to other postemployment benefits reported in the Statement of Net Position. The third deferred outflow is related to deferred charges associated with a bond refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district – wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is related to other postemployment benefits reported in the Statement of Net Position. The third is related to deferred lease revenue.

Q. Unavailable/Unearned Revenue

Unavailable revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned/unavailable revenues is removed and revenues are recorded.

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

Unavailable revenues recorded in governmental funds are typically adjusted and not included in the district-wide statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Vested Employee Benefits

1. Compensated Absences

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

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

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 in varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination 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.

2. Other Benefits

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

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

S. Short-Term Debt

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



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Short-Term Debt (Continued)

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second 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 BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

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

T. 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, other postemployment benefits 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.

U. Equity Classifications

1. 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, constructions or improvements of those assets.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

1. District-Wide Statements (Continued)

Restricted net position – reports net position when constraints placed on the position 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 are deemed to be available for general use by the District.

2. Fund Statements

In the governmental fund statements, there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory in the School Lunch Fund of \$57,412.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve

Capital Reserve (Education Law §3651) is 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. Expenditure 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. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend 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 year after deposit of these monies. The reserve is accounted for in the General fund.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Workers' Compensation

Reserve for Workers Compensation (GML §6-j) must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions to the Employees Retirement System (ERS). This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teacher's Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Repair Reserve

Repair Reserve (GML §6-d) must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Encumbrances

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

Restricted fund balance at June 30, 2022 consisted of:

General Fund:

Capital Reserve	\$ 950,736
Repair Reserve	1,003,873
Workers' Compensation Reserve	1,152,954
Unemployment Insurance Reserve	539,597
Tax Certiorari Reserve	1,607,099
Employee Benefit Accrued Liability Reserve	3,099,953
Retirement Contribution Reserve - ERS	3,598,079
Retirement Contribution Reserve - TRS	2,098,805
School Lunch Fund	752,987
Capital Fund	4,129,337
Debt Service Fund	460,606
Total Restricted Fund Balance	<u>\$ 19,394,026</u>

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balance as committed as of June 30, 2022.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in the governmental funds other than the General Fund, the District has assigned those amounts to the purposes of the respective funds. Assigned fund balance in the General Fund includes \$2,884,531 assigned for specific purposes through the issuance of purchase orders that encumbered the budget for the year ended June 30, 2022. This assignment is made when purchase orders are approved by the Purchasing Agent who is designated each year by the Board of Education at its annual reorganizational meeting pursuant to the District's purchasing policy. Assigned fund balance in the General Fund also includes \$1,400,000 assigned to be used to reduce the tax levy for the year ending June 30, 2023. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.

Encumbrances	\$ 3,333,398
Appropriated to Reduce Subsequent Year's Tax Levy	<u>1,400,000</u>
Total Assigned Fund Balance	<u><u>\$ 4,733,398</u></u>

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Order of Use of Fund Balance:

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's General Fund budget for the ensuing 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.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

V. New Accounting Standards

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has implemented Statement 87 as required.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District has implemented Statement 89 as required.

GASB has issued Statement 92, *Omnibus 2020*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The District has implemented Statement 92 as required.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The District has implemented Statement 97 as required.

GASB has issued Statement 98, *The Annual Comprehensive Financial Report*, this Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The District has implemented Statement 97 as required.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards

GASB has issued Statement 91, *Conduit Debt Obligations*, which will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by establishing the definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 99, *Omnibus 2022*, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 and/or 2024 financial statements, as applicable.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards (Continued)

GASB has issued Statement 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2024 financial statements.

GASB has issued Statement 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2025 financial statements.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS.

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

A. Total Fund Balances 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. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2022 were as follows:

Original Cost of Capital Assets	\$ 168,716,826
Accumulated Depreciation	(84,333,141)
	<u>\$ 84,383,685</u>



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

2. The cost of right to use assets (equipment) financed from 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 right to use assets among the assets of the District as a whole, with the present value capitalized and amortization expensed annually of the period of use. The balances at June 30, 2022 are as follows:

Original Cost of Right of Use Assets	\$ 946,670
Accumulated Amortization	<u>(723,523)</u>
	<u>\$ 223,147</u>

3. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2022 was as follows:

Accrued Interest Payable	<u>\$ 100,731</u>
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4. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2022 were as follows:

Bonds Payable	\$ 18,927,140
Installment Purchase Debt	6,528,488
Compensated Absences	123,547
Lease Liability	177,349
Other Postemployment Benefits	235,609,346
Deferred Outflows - OPEB	(34,447,909)
Deferred Inflows - OPEB	<u>8,884,072</u>
	<u>\$ 235,802,033</u>

5. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The balance at June 30, 2022 was as follows:

Deferred Charges on Refunding	<u>\$ 71,129</u>
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WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

6. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily resulting from contributions subsequent to the measurement date and changes in the components of the net pension liability or asset are recorded. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2022 were as follows:

Net Pension Asset, Proportionate Share	\$ (35,848,844)
Deferred Outflows of Resources - Pension	(24,545,060)
Deferred Inflows of Resources - Pension	44,762,244
	<u>\$ (15,631,660)</u>

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

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

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:  
(Continued)

4. Pension Plan Related 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.

5. 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.

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in Governmental Funds (Schedule 5)	\$ 109,640,365
BANS Redeemed from Appropriations	(313,238)
Proceeds from long-term debt is recognized as an other funding source in the governmental funds, but increases liabilities in the Statement of Net Assets, and does not affect the Statement of Activities.	(98,894)
Operating transfers from other funds are recognized as an other funding source in the governmental fund statements, but are eliminated in the Statement of Activities.	<u>(6,516,292)</u>
Total revenues in the Statement of Activities (Schedule 2)	<u>\$ 102,711,941</u>

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:  
(Continued)

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities

Total Expenditures & Other Uses/Expenses

Total expenditures and other uses reported in Governmental Funds (Schedule 5)	\$ 108,687,949
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. This is the amount by which capital expenditures of \$2,604,192 were less than depreciation of \$4,629,299 and remaining basis of disposed assets of \$2,784	2,027,890
When the lease of right to use assets are financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are paid for. However, in the statement of Activities, the present value of those assets is capitalized and the expense is allocated over the period of use and reported as amortization expense. This is the amount by which amortization of \$315,557 was more than the present value of the right to use assets of \$0 purchased in the current year.	315,557
In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which compensated absences used during the year exceeded the amount earned.	(27,184)
In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost, and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.	10,609,433
Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable last year exceeded the interest payable this year.	(62,200)

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities

Payment of lease principal is an expenditure in the governmental funds, but does reduce liabilities in the Statement of Net Position, and does affect the Statement of Activities.	(317,309)
Repayment of bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities and Changes in Net Position.	(5,045,380)
Premiums and discounts on long-term debt issuances and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities. This is the net amount that was amortized during the fiscal year.	(256,992)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (TRS of (\$5,255,279) and ERS of (\$516,223)).	(6,262,146)
Operating transfers to other funds are recognized as other uses of funds in the governmental fund statements, but are eliminated in the Statement of Activities.	(6,516,291)
Total expenses in the Statement of Activities (Schedule 2)	<u>\$ 103,153,327</u>

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES.

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. See note 18 for the financial statement impact of the implementation of the statement.

NOTE 4. STEWARDSHIP AND COMPLIANCE.

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:

- The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 4. STEWARDSHIP AND COMPLIANCE. (Continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the 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 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. Supplemental appropriations that occurred during the year are shown on Supplemental Schedule #5. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds 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 years until the completion of the projects.

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

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 restrictions of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 5. CASH – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

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.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ 0
Insured	\$ 1,500,000
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 31,635,386

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$20,564,868 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS.

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,014,654	\$ 0	\$ 0	\$ 1,014,654
Construction in Progress	4,746,673	663,080	(4,746,673)	663,080
Total Nondepreciable Assets	5,761,327	663,080	(4,746,673)	1,677,734
Capital assets that are depreciated:				
Buildings and Improvements	135,664,049	0	4,746,673	140,410,722
Furniture & Equipment	16,827,210	1,441,920	(37,767)	18,231,363
Vehicles	8,391,591	499,192	(493,776)	8,397,007
Total Depreciable Assets	160,882,850	1,941,112	4,215,130	167,039,092
Less: Accumulated Depreciation	(80,232,601)	(4,629,299)	528,759	(84,333,141)
Capital Assets, Net	\$ 86,411,576	\$ (2,025,107)	\$ (2,784)	\$ 84,383,685

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 740,688
Instruction	3,564,560
Transportation	277,758
School Lunch Program	46,292
Total Depreciation	\$ 4,629,298

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 7. RIGHT TO USE ASSETS.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities				
Right to use assets that are amortized:				
Equipment	\$ 946,670	\$ 0	\$ 0	\$ 946,670
Less: Accumulated Amortization	<u>(407,966)</u>	<u>(315,557)</u>	<u>0</u>	<u>(723,523)</u>
Right To Use Assets, Net	<u>\$ 538,704</u>	<u>\$ (315,557)</u>	<u>\$ 0</u>	<u>\$ 223,147</u>

Amortization expense was charged to governmental functions as follows:

Instruction	<u>\$ 315,557</u>
Total Amortization	<u>\$ 315,557</u>

NOTE 8. LEASES.

District as Lessor

The District, as lessor, has entered into several lease agreements involving building space. Lease terms range from 2 to 10 years. The District reported lease revenue of \$412,594 and interest revenue of \$35,922. At year end the amount of deferred inflows of resources for leases was \$1,615,335.

District as Lessee

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Balance June 30, 2022
BOCES IPA #8	6/15/2020	36 months	\$ 5,645	Var.	\$ 67,109
BOCES IPA #9	6/15/2020	36 months	9,023	Var.	110,240
					<u>\$ 177,349</u>

The District, as a lessee, has entered into lease agreements with Orange Ulster BOCES, for copiers and IT equipment.

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

For the Year Ended June 30,	<u>Leases Payable</u>	
<u>2023</u>	<u>Principal</u>	<u>Interest</u>
	\$ 177,349	\$ 1,701



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11. SHORT-TERM LIABILITIES.

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each twelve-month period thereafter. For short-term financing, the Warwick Valley Central School District redeems (pays down) one-fifth (1/5) of the original BAN borrowing.

State law requires that BAN's issued for capital purposes are converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of June 30, 2022, one bond anticipation note (BAN) was outstanding for \$859,045. These temporary funds were borrowed to assist with financing ongoing bus purchases and construction projects.

The following is a summary of Warwick Valley Central School District's outstanding bond anticipation notes at June 30, 2022.

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance
BAN'S	\$ 874,091	\$ 859,045	\$ 874,091	\$ 859,045
Total Short-Term Debt	\$ 874,091	\$ 859,045	\$ 874,091	\$ 859,045

Interest in short-term debt paid during the year was:

Interest Paid	\$ 7,692
Less: Interest Accrued in the Prior Year	(7,186)
Plus: Interest Accrued in the Current Year	2,503
Interest Expense	\$ 3,009

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 10. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable*	\$ 23,250,153	\$ 0	\$ 4,323,013	\$ 18,927,140	\$2,505,487
Installment Purchase Debt	7,151,736	98,894	722,142	6,528,488	740,854
Lease Liability	494,658	0	317,309	177,349	177,349
Total Bonds and Notes Payable	30,896,547	98,894	5,362,464	25,632,977	3,423,690
Other Liabilities:					
Compensated Absences	150,732	0	27,185	123,547	0
Other Postemployment Benefits	219,310,112	21,175,064	4,875,830	235,609,346	0
Net Pension Liability	5,435,402	0	5,435,402	0	
Total Other Liabilities	224,896,246	21,175,064	10,338,417	235,732,893	0
Total Long-Term Liabilities	\$ 255,792,793	\$21,273,958	\$15,700,881	\$261,365,870	\$3,423,690

\* At June 30, 2022, the Bonds Payable includes unamortized premiums of \$1,062,140. This amount is being amortized over the life of the debt issuance to which it relates.

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences. Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Activity for Other Postemployment Benefits and Net Pension Liability have also been shown as net figures.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTE 10. LONG-TERM LIABILITIES. (Continued)

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bond – Advanced Refunding	4/16/2015	6/15/2023	5.00%	\$ 690,000
Serial Bond – Advanced Refunding	8/10/2016	5/15/2037	Variable	4,865,000
Serial Bond - Construction	7/2/2018	6/15/2034	Variable	3,840,000
Serial Bond – Advanced Refunding	3/25/2021	6/15/2027	Variable	2,350,000
Serial Bond - Construction	6/29/2021	6/15/2029	Variable	6,120,000
				<u>\$ 17,865,000</u>
Installment Debt	6/26/2013	6/26/2028	2.78%	\$ 1,788,280
Energy Performance Contract	8/17/2017	7/15/2032	2.495%	4,513,000
2019 Municipal Equipment Lease	5/20/2019	7/15/2023	4.790%	163,017
Municipal Equipment Lease	6/1/2022	6/1/2024	5.370%	64,191
				<u>\$ 6,528,488</u>

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable		Other Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 2,225,000	\$ 524,344	\$ 740,854	\$ 169,178
2024	1,570,000	459,525	764,072	147,052
2025	1,600,000	424,400	667,666	124,162
2026	1,495,000	370,594	686,830	106,530
2027	1,480,000	321,050	706,221	88,396
2028 – 2032	5,895,000	1,000,900	2,488,845	206,593
2033 – 2037	3,600,000	246,100	474,000	5,913
TOTAL	<u>\$ 17,865,000</u>	<u>\$ 3,346,913</u>	<u>\$ 6,528,488</u>	<u>\$ 847,824</u>

Interest on long-term debt for the year was composed of:

Interest paid	\$ 847,904
Less: Interest accrued in the prior year	(155,745)
Less: Amortization of premium and deferred amount	(256,992)
Plus: Interest accrued in the current year	98,228
Total interest expense	<u>\$ 533,395</u>

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NOTE 11. PENSION PLANS.

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

Plan Description & Benefits Provided

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007.

In November, 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php).

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System's website located at [www.nystrs.org](http://www.nystrs.org).

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

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NOTE 11. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied 1 for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 11. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

*Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

*Disability Retirement Benefits*

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

*Tier 1*

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

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NOTE 11. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*Tier 2*

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

*Tier 3*

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

*Tier 4*

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

*Tier 5*

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

*Tier 6*

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

*Service Retirements*

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 11. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*Vested Benefits*

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

*Disability Retirement*

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

*Death Benefits*

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

*Prior Service*

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

*Tier Reinstatement*

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

*Permanent Cost of Living Adjustment (COLA)*

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the \$18,000 of the annual benefit. The applicable percentage payable beginning September 2020 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
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NOTE 11. PENSION PLANS. (Continued)

Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System 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 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 determines rates expressly used in computing the employers' contributions based on salaries paid during the Systems' 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.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2021 – 2022	\$ 3,150,036	\$ 1,448,951
2020 – 2021	3,185,420	1,343,206
2019 – 2020	2,944,435	1,346,577

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

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

At March 31, 2022, the District's proportion of the NYSERS net pension asset/(liability) was .0257138%, which is an increase of .004120% from its proportion measured as of March 31, 2021.

At June 30, 2021, the District's proportion of the NYSTRS net pension asset/(liability) was .194742%, which was a decrease of .001048% as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$341,487 and \$(1,838,909) for ERS and TRS, respectively. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources which are summarized on the next page:

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WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 11. PENSION PLANS. (Continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows on the next page:

	<u>Deferred Outflows of Resources</u>		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 159,187	\$ 4,651,645	\$ 4,810,832
Changes of Assumptions	3,507,995	11,100,044	14,608,039
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and difference between the District's contributions and proportionate share of contributions	801,758	449,497	1,251,255
District's contributions subsequent to the measurement date	<u>388,936</u>	<u>3,485,998</u>	<u>3,874,934</u>
Total	<u>\$ 4,857,876</u>	<u>\$ 19,687,184</u>	<u>\$ 24,545,060</u>

	<u>Deferred Inflows of Resources</u>		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 206,475	\$ 175,329	\$ 381,804
Changes of Assumptions	59,194	1,965,654	2,024,848
Net difference between projected and actual earnings on pension plan investments	6,883,155	35,319,569	42,202,724
Changes in proportion and difference between the District's contributions and proportionate share of contributions	145,412	7,456	152,868
District's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 7,294,236</u>	<u>\$ 37,468,008</u>	<u>\$ 44,762,244</u>

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTE 11. PENSION PLANS. (Continued)

Year Ended:	<u>ERS</u>	<u>TRS</u>
2022	\$ 0	\$ 4,224,545
2023	287,639	4,984,728
2024	583,358	6,359,540
2025	1,644,638	8,448,976
2026	309,660	(1,621,219)
Thereafter	0	(1,129,747)

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 liability to the measurement date. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2022	June 30, 2021
Inflation Rate	2.70%	2.40%
Projected Salary Increases	4.4%	1.95% - 5.18% Rates of increase differ based on age and gender. Calculations have been based upon recent NYSTRS member experience
Projected Cost of Living Adjustments	1.3%, compounded annually	1.3%, compounded annually
Investment Rate of Return	5.90% compounded annually, net of investment expense including inflation	6.95% compounded annually, net of pension plan investment expense including inflation
Decrement Tables	Actual experience study for the period April 1, 2015 through March 31, 2020	Actual experience study for the period July 1, 2015 through June 30, 2020
Mortality Improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2020

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTE 11. PENSION PLANS. (Continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differ from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS	
	March 31, 2022	
	Target Allocation	Long-term expected real rate of return*
Asset Class:		
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS Portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
Total	100%	

Measurement Date	TRS	
	June 30, 2021	
	Target Allocation	Long-term expected real rate of return*
Asset Class:		
Domestic Equities	33%	6.80%
International Equities	16%	7.60%
Global Equities	4%	7.10%
Real Estate Equities	11%	6.50%
Private Equities	8%	10.00%
Domestic fixed income securities	16%	1.30%
Global Bonds	2%	0.80%
Private Debt	1%	5.90%
Real Estate Debt	7%	3.30%
High-Yield Bonds	1%	3.80%
Cash Equivalents	1%	-0.20%
	100%	

\*Real rates of return are net of long-term inflation assumptions of 2.50% for ERS and 2.40% for TRS

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11. PENSION PLANS. (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
<u>ERS</u>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (5,410,513)	\$ 2,101,995	\$ 8,385,847
	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
<u>TRS</u>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ 3,541,240	\$ 33,746,849	\$ 59,132,472

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurements dates were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Employers' total pension asset/(liability)	\$ (223,874,888)	\$ (130,816,415)
Plan net position	232,049,473	148,148,457
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ 17,332,042</u>
Ration of plan net position to the employers' total pension asset/(liability)	103.65%	113.20%

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NOTE 11. PENSION PLANS. (Continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022 represent the projected employer contributions for the period of April 1, 2021 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 \$389,936.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2021 through state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2022 amounted to \$3,808,830.

NOTE 12. INTERFUND BALANCES AND ACTIVITY.

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

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,780,379	\$ 248,170	\$ 275,809	\$ 6,240,484
Special Aid Fund	214,285	1,332,600	171,688	0
School Lunch Fund	3,155	58,156	0	0
Capital Fund	643	309,482	6,068,795	175,808
Debt Service Fund	50,348	100,062	0	100,000
Total Governmental Activities	2,048,810	2,048,470	6,516,292	6,516,292
Fiduciary Fund	0	340	0	0
Totals	<u>\$ 2,048,810</u>	<u>\$ 2,048,810</u>	<u>\$ 6,516,292</u>	<u>\$ 6,516,292</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Special Education Program not funded by aid from New York State.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS.

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 75.

**Benefits Provided** – The District’s OPEB plan subsidizes the cost of healthcare eligible retired employees, their spouses and their dependent children. Minimum eligibility requirements for postemployment benefits are as follows:

- The retiree has attained age 55 years while in the employment of the District and meets the follow service requirements:
  - Service requirements range from 5 to 15 years of service based on the employment category (contract) and date of hire.
- The retiree is receiving retirement benefits from the NYS Employees’ Retirement System or the NYS Teachers’ Retirement System

The retiree is required to make a contribution towards the cost of coverage; contributions vary not only according to employment category (contract). The District reimburses Medicare Part B premiums for retirees who met the eligibility requirements at the time of retirement. In addition, the District will reimburse Medicare Part B premiums some future retirees.

**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	555
Active employees	<u>405</u>
Total Employees Covered by Benefit Terms	<u><u>960</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$235,609,346 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

**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 on the next page:

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Inflation Rate	2.50%
Discount Rate	2.16%
Healthcare Cost Trend Rates	Pre-65: 7.69% for 2020, decreasing to an ultimate rate of 4.50% for 2029 and later years
	Post-65: 8.68% for 2020, decreasing to an ultimate rate of 4.50% for 2029 and later years
Current Retirees' Share of Benefit Related Costs	Retirees pay 2.5% - 20% of the cost of single/family coverage and 15% - 20% for the spouse/family based on years of service with the District.
Future Retirees' Share of Benefit Related Costs	Retirees pay 2.5% - 20% of the cost of single/family coverage and 15% - 20% for the spouse/family based on years of service with the District.

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

Mortality rates were based on the PUB-2010 Headcount Weighted Mortality Table projected generationally with MP-2020 from the central year.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 - June 30, 2020.



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 219,310,112</u>
<u>Changes for the Year:</u>	
Service cost	8,005,872
Interest	4,975,852
Differences between expected and actual experience	(523,407)
Changes of Assumptions	8,193,340
Change of Benefit Terms	0
Benefit payments	<u>(4,352,423)</u>
Net Changes	<u>16,299,234</u>
Balance at June 30, 2022	<u><u>\$ 235,609,346</u></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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 281,386,146	\$ 235,609,346	\$ 199,564,611

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:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 193,886,018	\$ 235,609,346	\$ 290,582,477

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 \$15,824,984. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,307,553	\$ 2,527,529
Changes of Assumptions	26,924,806	6,356,543
District's contributions subsequent to the measurement date	<u>5,215,550</u>	<u>0</u>
Total	<u>\$ 34,447,909</u>	<u>\$ 8,884,072</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2022. 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>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,843,260
2024	4,760,241
2025	6,144,313
2026	4,544,652
2027	1,832,422
Thereafter	223,399

NOTE 12. RISK MANAGEMENT.

General Information

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 two years.

Pool, Non-Risk Retained

The District participates in the Orange/Ulster School District Health 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 21 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of the limit, and the District has essentially transferred all related risk to the pool.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 13. COMMITMENTS AND CONTINGENCIES.

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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports \$150,732 for accumulating, non-vesting sick leave.

NOTE 14. ENCUMBRANCES

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. Encumbrances of appropriations of budgets for the year ended June 30, 2022 have been included in the assigned fund balance of the General Fund and in the restricted fund balance of all other funds at June 30, 2022 as follows:

General Fund	\$ 3,333,398
School Lunch Fund	83,789
Capital Projects Fund	694,041
Total Encumbrances	<u>\$ 4,111,228</u>

NOTE 15. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 16. TAX ABATEMENTS.

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with four entities as of June 30, 2022:

Full Assessed Value	Full Tax	PILOT's Received	Tax Abated
\$ 5,982,203	\$ 769,651	\$ 257,157	\$ 512,494

Each agreement was negotiated under municipal law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements up to 50% of annual property taxes through a direct reduction of the entity's property tax bill. The municipal law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The District has not made any commitments as part of the agreements other than to reduce property taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 3, 2022, the date that the financial statements were available to be issued. As of this date, there are no subsequent events to report.

NOTE 18. RESTATEMENT OF NET POSITION AND FUND BALANCE.

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 Establishes criteria for the recognition of certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The implementation of this statement has resulted in changing the presentation of Lessee and Lessor transactions in the financial statements. Under this Statement, Lessee transactions will now recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Right-to-use lease assets are amortized over the lease term.

Governmental Activities

Net Position Beginning of Year, as Previous Stated	\$ (106,857,502)
Plus : Change in Accounting Principle, Right to Use Assets, Net - June 30, 2021	538,704
Less: Change in Accounting Principle, Lease Liability - June 30, 2021	<u>(494,658)</u>
Net Position Beginning of Year, as Restated	<u><u>\$ (106,813,456)</u></u>

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2022

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<u>Total OPEB Liability</u>					
Service Cost	\$ 8,005,872	\$ 6,472,429	\$ 5,613,209	\$ 4,873,490	\$ 5,898,252
Interest Cost	4,975,852	6,981,867	6,936,054	6,036,044	5,280,626
Differences Between Expected and Actual Experiences	(523,407)	(2,813,161)	(354,811)	6,059,669	0
Changes of Assumptions	8,193,340	21,144,436	11,108,849	(3,081,876)	(22,932,781)
Change of Benefit Terms	0	(2,469,087)	0	0	0
Benefit Payments	(4,352,423)	(4,853,214)	(4,100,000)	(3,915,352)	(3,895,465)
Net change in total OPEB liability	16,299,234	24,463,270	19,203,301	9,971,975	(15,649,368)
Total OPEB liability - beginning	219,310,112	194,846,842	175,643,541	165,671,566	181,320,934
Total OPEB liability - ending	\$ 235,609,346	\$ 219,310,112	\$ 194,846,842	\$ 175,643,541	\$ 165,671,566
Covered-employee payroll	\$ 39,835,424	\$ 37,723,764	\$ 36,443,762	\$ 37,149,561	\$ 37,067,690
Total OPEB liability as a percentage of covered-employee payroll	591.46%	581.36%	534.65%	472.80%	446.94%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits

*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 rates used in each period:

06/30/20	2.21%
06/30/19	3.51%
06/30/18	3.87%
06/30/17	3.58%
06/30/16	2.85%

Underlying claims were updated to reflect the most recent claims experience for the 6/30/20 period.

For the 6/30/20 period, the mortality assumption was the PUB-2010 Headcount Weighted Mortality Table with projection scale MP-2020 varying based on Bargaining Unit Classification.

For the 6/30/20 period, the salary scale was updated to service-based tables from ERS and TRS.

For the 6/30/20 period, healthcare cost trend rates were updated based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on provisions of the benefits sponsored by the District.

\*GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

See paragraph on supplementary schedules included in auditor's report.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) FINAL BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 64,572,462	\$ 64,572,462	\$ 64,514,020	\$ (58,442)
Other Tax Items	252,466	252,466	267,490	15,024
Charges for Services	2,699,755	2,776,744	2,682,646	(94,098)
Use of Money & Property	607,843	607,843	722,019	114,176
Sale of Property & Compensation for Loss	105,000	114,800	235,978	121,178
Miscellaneous	375,000	375,000	847,498	472,498
STATE SOURCES	27,887,516	27,887,516	27,522,357	(365,159)
FEDERAL SOURCES	45,000	45,000	458,370	413,370
TOTAL REVENUES	96,545,042	96,631,831	97,250,378	\$ 618,547
OTHER FINANCING SOURCES:				
Operating Transfers In	125,000	125,000	275,809	
Appropriated Fund Balance and Reserves	4,834,525	10,789,536	0	
TOTAL REVENUES & OTHER FINANCING SOURCES	\$ 101,504,567	\$ 107,546,367	\$ 97,526,187	

See paragraph on supplementary schedules included in auditor's report.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT

WARWICK, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of Education	\$ 56,247	\$ 36,786	\$ 27,786	\$ 1,873	\$ 7,127
Central Administration	1,428,921	1,530,986	1,429,460	23,734	77,792
Finance	55,182	55,246	35,046	10,000	10,200
Staff	489,791	526,304	385,266	84,898	56,140
Central Services	6,845,525	8,344,689	6,022,238	1,884,393	438,058
Special Items	1,218,863	1,141,831	1,108,261	1,973	31,597
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,224,533	1,164,445	1,057,440	9,101	97,904
Teaching – Regular School	34,812,433	34,041,062	33,050,821	368,297	621,944
Programs for Children with Handicapping Conditions	18,449,309	18,227,463	17,621,221	415,252	190,990
Occupational Education	391,347	453,434	442,145	9,271	2,018
Teaching – Special Schools	90,450	34,262	7,722	571	25,969
Instructional Media	2,944,035	2,921,731	2,233,471	244,730	443,530
PUPIL TRANSPORTATION	4,559,381	5,204,415	4,696,623	261,811	245,981
COMMUNITY SERVICES	20,500	20,500	0	0	20,500
EMPLOYEE BENEFITS	22,891,864	21,703,031	21,276,842	17,494	408,695
DEBT SERVICE:					
Debt Service – Principal	4,944,715	4,944,715	5,362,689	0	(417,974)
Debt Service – Interest	941,471	976,471	855,596	0	120,875
TOTAL EXPENDITURES	101,364,567	101,327,371	95,612,627	3,333,398	2,381,346
OTHER USES:					
Operating Transfers Out	140,000	6,218,996	6,240,483	0	(21,487)
TOTAL EXPENDITURES & OTHER USES	\$ 101,504,567	\$ 107,546,367	101,853,110	\$ 3,333,398	\$ 2,359,859
EXCESS (DEFICIT) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			\$ (4,326,923)		

See paragraph on supplementary schedules included in auditor's report.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION ASSET/LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2022

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016			
District's proportion of the net pension asset/(liability)	0.0257138%	0.0253018%	0.0243519%	0.0263615%	0.0269218%	0.0268400%	0.0277215%			
District's proportionate share of the net pension asset/(liability)	\$ 2,101,995	\$ (25,194)	\$ (6,448,533)	\$ (1,867,793)	\$ (868,888)	\$ (2,521,949)	\$ (4,449,372)			
District's covered-employee payroll	\$ 11,785,954	\$ 9,361,194	\$ 9,268,411	\$ 9,004,066	\$ 8,888,856	\$ 8,610,079	\$ 7,820,115			
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	17.83%	-0.27%	-69.58%	-20.74%	-9.78%	-29.29%	-56.90%			
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%			
	NYSTRS Pension Plan Last 10 Fiscal Years*									
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015			
District's proportion of the net pension asset/(liability)	0.194742%	0.195790%	0.197245%	0.201094%	0.203463%	0.207144%	0.206867%			
District's proportionate share of the net pension asset/(liability)	\$ 33,746,849	\$ (5,410,208)	\$ 5,124,433	\$ 3,636,304	\$ 1,546,522	\$ (2,218,599)	\$ 21,486,913			
District's covered-employee payroll	\$ 36,066,745	\$ 33,053,890	\$ 33,231,768	\$ 34,258,691	\$ 34,878,991	\$ 32,778,391	\$ 32,202,894			
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	93.57%	-16.37%	15.42%	10.61%	4.43%	-6.77%	66.72%			
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%			

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that the year of implementation was 6/30/14, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2022

	NYSERS Pension Plan Last 10 Fiscal Years*					
	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017
Contractually required contribution	\$ 1,448,951	\$ 1,343,206	\$ 1,309,696	\$ 1,313,769	\$ 1,313,582	\$ 1,260,192
Contributions in relation to the contractually required contribution	1,448,951	1,343,206	1,309,696	1,313,769	1,313,582	1,260,192
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 11,785,954	\$ 9,361,194	\$ 9,268,411	\$ 9,004,066	\$ 8,888,856	\$ 8,610,079
Contributions as a percentage of its covered-employee payroll	12.29%	14.35%	14.13%	14.59%	14.78%	14.64%
						17.47%

	NYSTRS Pension Plan Last 10 Fiscal Years*					
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Contractually required contribution	\$ 3,150,036	\$ 2,944,335	\$ 3,496,461	\$ 3,210,079	\$ 3,778,788	\$ 3,975,322
Contributions in relation to the contractually required contribution	3,150,036	2,944,335	3,496,461	3,210,079	3,778,788	3,975,322
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 36,066,745	\$ 33,053,890	\$ 33,231,768	\$ 34,258,691	\$ 34,878,991	\$ 32,778,391
Contributions as a percentage of its covered-employee payroll	8.73%	8.91%	10.52%	9.37%	10.83%	12.13%
						13.37%

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that the year of implementation was 6/30/14, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	\$ 98,620,036
ADDITIONS:	
Encumbrances from Prior Year	<u>2,884,536</u>
ORIGINAL BUDGET	101,504,567
BUDGET REVISIONS:	
Budget Amendments for Appropriation from Reserves:	
Capital Reserve	5,250,000
Budget Amendment for Pine Island Fire Alarm	100,000
Budget Amendments for Sanfordville Chiller	400,000
Budget Amendment for Wall Repair	14,800
Budget Amendment for BOCES ELC Grant	77,000
Budget Amendment for Pine Island Water System	<u>200,000</u>
REVISED BUDGET	<u><u>\$ 107,546,367</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022–2023 Voter-approved expenditure budget maximum allowed (4% of 2022–2023 budget, \$101,729,239)	<u>\$ 4,069,170</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 4,733,398
Unassigned Fund Balance	<u>4,153,465</u>
Total Unrestricted Fund Balance	<u>8,886,863</u>
Less:	
Appropriated Fund Balance	1,400,000
Encumbrances Included in Committed and Assigned Fund Balance	<u>3,333,398</u>
Total Adjustments	<u>4,733,398</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,153,465</u></u>
Actual Percentage	4%

See paragraph on supplementary schedules included in auditor's report.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE		UNEXPENDED BALANCE	METHODS OF FINANCING			FUND BALANCE JUNE 30, 2022	
			PRIOR YEARS	CURRENT YEAR		TOTAL	PROCEEDS FROM DEBT	STATE & LOCAL SOURCES		TOTAL
Phase III Renovation	\$ 8,000,000	\$ 8,000,000	\$ 8,005,510	0	\$ 8,005,510	\$ 8,791	\$ 4,875,000	\$ 3,125,000	\$ 8,000,000	\$ (5,510)
Smart School Bond Act	2,213,192	2,212,633	2,162,611	0	2,162,611	50,022	0	2,162,611	2,162,611	0
Buses 2016-2017	591,000	591,000	591,000	0	591,000	0	0	591,000	591,000	0
District-wide Reconstruction	10,800,000	10,800,000	10,797,767	0	10,797,767	2,233	6,570,000	4,230,000	10,800,000	2,233
High School Security Upgrades - Emergency Project	200,000	200,000	200,000	0	200,000	0	0	200,000	200,000	0
Buses - 2018	510,000	510,000	501,511	0	501,511	8,489	0	401,217	401,217	(100,294)
Middle School Generator	400,000	400,000	399,999	0	399,999	1	0	400,000	400,000	1
Buses - 2019	485,000	485,000	466,059	0	466,059	18,941	0	406,782	406,782	(59,277)
Library Technology Project	400,000	395,932	394,410	0	394,410	1,522	395,932	0	395,932	1,522
Sanfordville Elementary Boiler - Emergency Project	150,000	150,000	150,000	0	150,000	0	0	150,000	150,000	0
High School Pool Boiler - Emergency Project	35,000	35,000	34,370	0	34,370	630	0	0	0	(34,370)
Buses - 2020	608,000	608,000	607,325	0	607,325	675	0	452,952	452,952	(154,373)
Bus - Emergency Purchase	70,000	70,000	70,000	0	70,000	0	0	70,000	70,000	0
High School Auditorium Wall	250,000	250,000	56,747	193,253	250,000	0	0	250,000	250,000	0
Buses - 2021	599,000	599,000	596,367	0	596,367	2,633	0	359,800	359,800	(236,567)
COVID Projects	247,500	247,500	247,500	0	247,500	0	0	247,500	247,500	0
Emergency Boiler Repairs - High School	100,000	118,795	0	118,795	118,795	0	0	118,795	118,795	0
Buses - 2021-2022	550,000	550,000	0	499,192	499,192	50,808	0	250,000	250,000	(249,192)
District Wide Renovations	13,812,154	13,812,154	0	639,068	639,068	13,173,086	0	5,000,000	5,000,000	4,360,932
Pine Island Fire Alarms	100,000	100,000	0	72,810	72,810	27,190	0	100,000	100,000	27,190
Sanfordville Chiller	400,000	400,000	0	24,012	24,012	375,988	0	400,000	400,000	375,988
UV Middle School Project	100,000	100,000	0	98,946	98,946	1,054	0	100,000	100,000	1,054
Pine Island Water	200,000	200,000	0	0	0	200,000	0	200,000	200,000	200,000
	\$ 40,820,846	\$ 40,835,014	\$ 25,281,176	\$ 1,646,076	\$ 26,927,252	\$ 13,922,063	\$ 11,840,932	\$ 19,215,657	\$ 31,056,589	\$ 4,129,337

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS, NET	\$ 84,383,685
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RIGHT TO USE ASSETS, NET	223,147.00
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ADDITIONS:

Unspent Capital Asset Financing	\$ 3,755	
Deferred Charges on Refunding	<u>71,129</u>	
Total Additions		74,884

DEDUCTIONS:

Bond Anticipation Notes Payable	\$ 859,045	
Short-term Portion of Bonds Payable	2,505,487	
Long-term Portion of Bonds Payable	16,421,653	
Short-term Portion of Installment Debt	740,854	
Long-term Portion of Installment Debt	5,787,635	
Short-term Portion of Lease Liability	<u>177,349</u>	
Total Deductions		<u>(26,492,022)</u>

NET INVESTMENT IN CAPITAL ASSETS	<u>\$ 58,189,694</u>
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See paragraph on supplementary schedules included in auditor's report.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
STATEMENT OF INDEBTEDNESS  
FOR THE YEAR ENDED JUNE 30, 2022

	DATE OF ORIGINAL ISSUE	MATURITY	INTEREST RATE	OUTSTANDING BEGINNING OF FISCAL YEAR	ISSUED DURING YEAR	PAID DURING YEAR	OUTSTANDING END OF YEAR	AMOUNT OF INTEREST PAID DURING FISCAL YEAR	AMOUNT OF INTEREST ACCRUED AT JUNE 30, 2022
<u>BANKS PAYABLE</u>									
Buses	7/23/20	7/23/21	0.88%	\$ 874,091	\$ 0	\$ 874,091	\$ 0	\$ 7,692	\$ 0
Buses	7/22/21	7/21/22	0.31%	0	859,045	0	859,045	0	2,503
Total Short Term				874,091	859,045	874,091	859,045	7,692	2,503
<u>BONDS PAYABLE</u>									
Serial Bond – Advanced Refunding	12/15/2014	1/15/2022	Various	790,000	0	790,000	0	23,700	0
Serial Bond – Advanced Refunding	4/16/2015	6/15/2023	5.000%	2,405,000	0	1,715,000	690,000	120,250	1,418
Serial Bond – Advanced Refunding	8/10/2016	5/15/2037	Various	5,085,000	0	220,000	4,865,000	207,850	30,656
Serial Bond - Construction	7/2/2018	6/15/2034	Various	4,160,000	0	320,000	3,840,000	117,488	3,156
Serial Bond – Advanced Refunding	3/25/2021	6/15/2027	Various	2,865,000	0	515,000	2,350,000	67,500	966
Serial Bond - Construction	6/29/2021	6/15/2029	Various	6,570,000	0	450,000	6,120,000	119,232	2,515
Total Bonds				21,875,000	0	4,010,000	17,865,000	656,020	38,711
<u>INSTALLMENT DEBT</u>									
2013 Contract	6/26/2013	6/26/2028	2.78%	2,058,756	0	270,476	1,788,280	57,233	545
2017 Energy Performance Contract	08/17/17	07/15/32	2.495%	4,854,000	0	341,000	4,513,000	116,853	51,210
2019 Municipal Equipment Lease	05/20/19	07/15/23	4.790%	238,980	0	75,963	163,017	11,448	7,488
2022 Municipal Equipment Lease	06/01/22	06/01/24	5.370%	0	98,894	34,703	64,191	0	274
Total Installment Debt				7,151,736	98,894	722,142	6,528,488	185,534	59,517
<u>LEASES PAYABLE</u>									
BOCES IPA #8	06/15/20	06/15/23	Var.	133,590	0	66,481	67,109	1,261	0
BOCES IPA #9	06/15/20	06/15/23	Var.	219,448	0	109,208	110,240	2,072	0
BOCES IPA #10	06/15/19	06/15/22	Var.	141,620	0	141,620	0	3,017	0
Total Installment Debt				494,658	0	317,309	177,349	6,350	0
<b>TOTAL INDEBTEDNESS</b>				<b>\$ 30,395,485</b>	<b>\$ 957,939</b>	<b>\$ 5,923,542</b>	<b>\$ 25,429,882</b>	<b>\$ 855,596</b>	<b>\$ 100,731</b>

See paragraph on supplementary schedules included in auditor's report.



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

To the President and Members  
of the Board of Education of the  
Warwick Valley Central School District  
Warwick, New York 10990

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Warwick Valley Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Warwick Valley Central School District's basic financial statements and have issued our report thereon dated October 3, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

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

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

Montgomery, New York  
October 3, 2022



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

To the President and Members  
of the Board of Education of the  
Warwick Valley Central School District  
Warwick, New York 10990

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

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

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Warwick Valley Central School 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 Warwick Valley Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Warwick Valley Central School District's compliance with the requirements of each major federal program as a whole.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant 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.

Montgomery, New York  
October 3, 2022

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
Summer Food Service Program for Children	10.559	N/A	\$ 0	\$ 732,477
Cash Assistance Subtotal			0	732,477
Non-Cash Assistance (food distribution)				
Commodity Supplemental Food Program	10.555	N/A	0	63,151
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER			0	795,628
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA – Part B, Section 611	84.027A	0032-21-0699	0	43,524
IDEA – Part B, Section 611	84.027A	0032-22-0699	349,012	710,991
IDEA – Part B, Section 619	84.173A	0033-22-0699	7,233	28,108
Total Special Education Cluster			356,245	782,623
Education Stabilization Funds Under the Coronavirus				
Elementary and Secondary School Emergency Relief Fund (ESSER1)	84.425D	5890-21-2290	0	28,350
Governor's Emergency Education Relief (GEER1)	84.425C	5895-21-2290	0	28,962
Elementary and Secondary School Emergency Relief Fund (ESSER2)	84.425D	5891-22-2290	225,753	512,602
Governor's Emergency Education Relief (GEER2)	84.425C	5896-22-2290	55,000	454,501
APR Summer Enrichment Learning (ESSER3)	84.425U	5880-22-2290	0	365,106
ARP After School Grant (ESSER 1%)	84.425U	5883-22-2290	0	4,130
ARP Universal Pre-K	84.425U	5871-22-9043	0	411,750
ARP Lost Instruction Time (ESSER 5%)	84.425U	5884-22-2290	0	59,809
Total Education Stabilization Funds Under the Coronavirus			0	1,865,210
Title I Parts A&D, Basic Program	84.010A	0021-21-2290	0	39,566
Title I Parts A&D, Basic Program	84.010A	0021-22-2290	0	219,482
Title II Part A, Teacher & Principal Training & Recruiting	84.367A	0147-21-2290	0	7,611
Title II Part A, Teacher & Principal Training & Recruiting	84.367A	0147-22-2290	0	69,593
Title IV Part A	84.424A	0204-22-2290	0	9,600
Total Passed-through NYS Education Department			636,998	2,993,685
TOTAL U.S. DEPARTMENT OF EDUCATION			636,998	2,993,685
<u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u>				
Passed-through Centers for Disease Control and Prevention (CDC):				
Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC)	93.323	N/A	0	76,989
TOTAL FEDERAL AWARDS EXPENDED			\$ 636,998	\$ 3,866,302

The accompanying notes are an integral part of the schedule.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION.

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 Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$63,151 of commodities under the Commodity Supplemental Food Program (Federal Assistance Listing Number 10.555).

NOTE 3. OTHER DISCLOSURES.

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

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

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Opinion Issued: Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes X No

Significant deficiencies identified that are  
not considered to be material weaknesses \_\_\_\_\_ Yes X None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? \_\_\_\_\_ Yes X No

Significant deficiencies identified that are  
not considered to be material weaknesses \_\_\_\_\_ Yes X None Reported

Type of Auditor's Opinion Issued on Compliance for  
Major Programs: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with Section 2 CFR-200.516(a)?? \_\_\_\_\_ Yes X No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>FEDERAL ASSISTANCE LISTING NUMBERS</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.425	Education Stabilization Funds

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with the Uniform Guidance.

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with the Uniform Guidance.



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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Warwick Valley Central School District  
Warwick, New York 10990

### **Opinion**

We have audited the accompanying financial statements of Warwick Valley Central School District, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2022 and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of Warwick Valley Central School District as of June 30, 2022, and its receipts and disbursements-cash basis for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

### **Basis for Opinion**

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

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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 that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, 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 Warwick Valley Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Warwick Valley Central School District's ability to continue as a going concern for a reasonable period of time.

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



Montgomery, New York  
October 3, 2022



WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE – CASH BASIS  
JUNE 30, 2022

ASSETS

Cash	\$ 211,542
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FUND BALANCE

Fund Balance, Beginning of Year	\$ 186,529
Excess of Receipts over Disbursements	<u>25,013</u>
Fund Balance, End of Year	<u>\$ 211,542</u>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
EXTRACURRICULAR ACTIVITY FUND - HIGH SCHOOL  
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	CASH BALANCE JUNE 30, 2021	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2022
Class of 2021	\$ 3,276	\$ 0	\$ 3,276	\$ 0
Class of 2022	2,874	40,963	41,387	2,450
Class of 2023	1,154	49,929	47,482	3,601
Class of 2024	1,205	1,437	950	1,692
Class of 2025	0	1,321	670	651
Art Club	977	460	123	1,314
Autism Club	703	1,051	500	1,254
Band	7,795	10,855	12,554	6,096
Cats Meow Club	773	0	0	773
Chorus	3,245	40,472	38,901	4,816
Drama Club	28,169	18,522	17,108	29,583
Empty Bowls	2,139	1,846	3,468	517
Environmental Club	2,024	744	1,512	1,256
FBLA	295	0	0	295
FFA	5,911	7,949	5,099	8,761
Homecoming Club	800	2,956	3,178	578
Interact Club	64	1,695	775	984
Mock Trial	0	60	0	60
Model UN	15	0	0	15
Mu Alpha Theta	1,245	1,018	693	1,570
National Honor Society	1,779	3,477	4,503	753
OCCAL	26	0	0	26
Omega Yearbook	5,092	3,392	3,015	5,469
Orchestra Club	737	14,243	12,001	2,979
Physics	719	726	294	1,151
Robotics / Lego League	4,298	0	0	4,298
SADD	2,740	282	461	2,561
Sales Tax	1,864	8,710	8,064	2,510
Senior Project	572	0	0	572
Strings N Things	0	357	0	357
Studio Music Club	0	2,854	963	1,891
Student Senate	44,708	5,618	3,835	46,491
Survey	168	0	0	168
Wire Choir	8,219	0	4,311	3,908
Youth-in-Government	78	0	0	78
	<u>\$ 133,664</u>	<u>\$ 220,937</u>	<u>\$ 215,123</u>	<u>\$ 139,478</u>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
EXTRACLASSROOM ACTIVITY FUND - MIDDLE SCHOOL  
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	CASH BALANCE JUNE 30, 2021	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2022
Band	\$ 3,336	\$ 22,125	\$ 20,169	\$ 5,292
Drama Club	17,728	18,194	14,241	21,681
Guitar Club	3,099	1,510	1,400	3,209
Junior FFA	211	0	0	211
Mileage Club	1,392	2,573	2,374	1,591
National Junior Honor Society	10,577	7,539	3,399	14,717
Odyssey of the Mind	10,120	22,582	14,306	18,396
Sales Tax	230	988	664	554
Student Senate	6,142	7,412	8,112	5,442
Ukulele	30	8,333	7,392	971
	<u>\$ 52,865</u>	<u>\$ 91,256</u>	<u>\$ 72,057</u>	<u>\$ 72,064</u>

See notes to financial statements.

WARWICK VALLEY CENTRAL SCHOOL DISTRICT  
WARWICK, NEW YORK  
EXTRACLASSROOM ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of Warwick Valley Central School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of Warwick Valley Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.