

PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance by the District with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Notes is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. See "TAX MATTERS" herein.

The Notes will not be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$24,545,000

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

BROOME AND CHENANGO COUNTIES, NEW YORK

GENERAL OBLIGATIONS

\$24,545,000 Bond Anticipation Notes, 2023 (Renewals) Series B

(the "Notes")

Dated: June 28, 2023

Due: June 28, 2024

The Notes are general obligations of the Chenango Forks Central School District, Broome and Chenango Counties, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser, or about June 28, 2023.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 14, 2023 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 31, 2023

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.



**CHENANGO FORKS CENTRAL SCHOOL DISTRICT
BROOME AND CHENANGO COUNTIES, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2022-2023 BOARD OF EDUCATION

LYNN LOCKWOOD

President

BRIAN AUKEMA

MARY COLLINS

JON SCOFIELD

CHRISTINE WEBB

* * * * *

THOMAS BURKHARDT

Superintendent of Schools

ERIN MCMULLEN

School District Clerk

MICHAEL PAVLOVICH

Director of Operations and Finance

LUYUN NI

School District Treasurer

 **Coughlin &
Gerhart LLP**
School District Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor


orrick

ORRICK HERRINGTON & SUTCLIFFE, LLP

Bond Counsel

No person has been authorized by Chenango Forks Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Chenango Forks Central School District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CHENANGO FORKS CENTRAL SCHOOL DISTRICT
BROOME AND CHENANGO COUNTIES, NEW YORK
Relating To
\$24,545,000 Bond Anticipation Notes, 2023 (Renewals) Series B

This Official Statement, which includes the cover page and appendices, has been prepared by the Chenango Forks Central School District, Broome and Chenango Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$24,545,000 principal amount of Bond Anticipation Notes, 2023 (Renewals) Series B (the "Notes").

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law" or "Chapter 97"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated June 28, 2023 and will mature June 28, 2024. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the purchaser either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On May 21, 2019, the qualified voters of the District approved a proposition authorizing the construction of a new swimming pool addition to the high school, and construction of improvements to and reconstruction of various school district buildings and facilities at a maximum cost of \$28,550,000 with \$3,150,000 capital reserve money, and the remaining \$25,400,000 coming from the issuance of bond anticipation notes and serial bonds. The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on June 13, 2019.

The proceeds of the Notes, along with \$164,000 available funds of the District will partially redeem and renew the \$24,709,000 bond anticipation notes maturing June 29, 2023 for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in the central southern portion of upstate New York commonly referred to as the Southern Tier in the Towns of Barker, Chenango, Fenton, Greene, Maine, and Triangle. The District is located approximately 10 miles north of Binghamton and is primarily a suburban community serving the “triple cities” of Endicott, Johnson City and Binghamton. Major highways serving the District include State Routes 12 and 79, with access to State Route 17, and Interstates 81 and 88.

Electric utility and natural gas services to the District residents are provided by the New York State Electric & Gas Corporation, Constellation and Empire Natural Gas. Police services are provided by State and municipal law enforcement agencies. Fire protection is provided by volunteer forces.

Commercial banking services are provided by offices of: Chase Bank, M&T Bank, N.A.

Source: District officials.

Population

The current estimated population of the District is 9,400. (Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and Counties listed below. The figures set below with respect to such Towns, Counties and State are included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the Towns, Counties or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>
Towns of:						
Barker	\$ 16,192	\$ 23,608	\$ 30,531	\$ 39,267	\$ 60,357	\$ 82,868
Chenango	22,431	29,219	38,243	54,381	67,379	92,922
Fenton	19,780	24,705	28,889	45,869	60,648	68,583
Greene	17,640	22,941	31,191	41,943	55,086	81,302
Maine	17,773	22,220	29,151	42,514	54,306	73,125
Triangle	15,734	22,335	27,597	41,220	64,118	54,679
Counties of:						
Broome	19,168	24,314	31,224	45,422	57,545	73,171
Chenango	16,427	22,036	29,992	39,711	52,229	69,131
State of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2017-2021 American Community Survey data.

Five Largest Employers

The District is primarily residential. Below are some of the major employers within Broome County where District residents find employment.

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Binghamton University	Education	5,943
United Health Services	Private Hospital	5,428
Broome County	Government	2,500
Our Lady of Lourdes	Private hospital	2,311
BAE Systems	Technology	1,300

Source: District officials.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest areas for which such statistics are available (which includes the District) are the Counties of Broome and Chenango. The information set forth below with respect to the Counties and the State of New York is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Counties or State are necessarily representative of the District, or vice versa.

	<u>Annual Average</u>						
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Broome County	5.5%	5.5%	4.8%	4.5%	8.3%	5.2%	3.8%
Chenango County	5.1	5.3	4.6	4.3	6.6	4.4	3.3
New York State	4.9	4.6	4.1	3.8	9.9	7.0	4.3

2023 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Broome County	4.7%	4.2%	3.7%	N/A	N/A
Chenango County	4.3	4.1	3.5	N/A	N/A
New York State	4.6	4.5	4.0	N/A	N/A

Note: Unemployment rates for April and May 2023 are unavailable as of the date of this Official Statement

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of School Government

The Board of Education of the School District (the “Board of Education”), the policy-making body of the District, consists of five members with overlapping five-year terms. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and Vice President are selected by the Board of Education. The Board of Education also appoints a school superintendent and a business administrator to conduct the day-to-day operations of the District.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Vote Results

The budget for the 2021-22 fiscal year was approved by the qualified voters on May 18, 2021. The District’s adopted budget for the 2021-22 fiscal year was within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included a total tax levy increase of 1.43%, which was equal to the District tax levy limit of 1.43%.

The budget for the 2022-23 fiscal year was approved by the qualified voters on May 17, 2022. The District’s adopted budget for the 2022-23 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included a total tax levy increase of 2.30%, which was equal to the District tax levy limit of 2.30%.

The budget for the 2023-24 fiscal year was approved by the qualified voters on May 16, 2023. The District’s adopted budget for the 2023-24 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.85%, which was equal to the District tax levy limit of 2.85%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America, where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York and; (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts or Money Market Accounts of designated banks authorized to do business in New York State, (2) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, (3) Demand Deposits in a bank or trust company located and authorized to do business in New York State, (4) Direct obligations of New York State, (5) Repurchase Agreements involving the purchase and sale of direct obligations of the United States (Direct Treasury Obligations only: T-Bills, notes or bonds) and (6) revenue anticipation notes or tax anticipation notes of other school districts of the State (with the approval of the State Comptroller).

State law and the District policy does not permit the District to enter into reverse repurchase agreements or make other derivative type investments.

State Aid

The District receives financial assistance from the State. In its budget for the 2023-2024 fiscal year, approximately 60.23% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Federal aid received by the State

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The State receives a substantial amount of federal aid for other health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2023-2024 preliminary building aid ratios, the District expects to receive State building aid of approximately 91.4% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State Aid History

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State 2018-19 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at \$26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

School district fiscal year (2019-2020): The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding.

School district fiscal year (2021-2022): The State’s 2021-22 Budget includes \$29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget includes the use of \$13 billion of federal funds for emergency relief, along with the Governor’s Emergency Education Relief, which includes, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year.

School district fiscal year (2022-2023): The State’s 2022-23 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State’s 2022-23 Enacted Budget also programs \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor’s Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State’s 2022-23 Enacted Budget allocates \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State’s 2022-23 Enacted Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State’s Budget for fiscal 2023-24 was enacted on May 2, 2024 and provides for a total of \$34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a \$3.2 billion or 10.4% increase in State funding for education, and includes a \$2.629 billion, or 12.3% percent Foundation Aid increase.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments.

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A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of state funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2017-2018	33,824,518	19,895,944	58.82
2018-2019	33,230,794	19,747,733	59.43
2019-2020	33,497,966	20,381,551	60.84
2020-2021	33,016,421	19,991,783	60.55
2021-2022	34,919,254	20,845,339	59.70
2022-2023 (Budgeted)	34,896,537 ⁽¹⁾	21,256,462	60.91
2023-2024 (Budgeted)	35,248,843 ⁽²⁾	21,230,026	60.23

⁽¹⁾ Does not include \$810,846 of appropriated fund balance.

⁽²⁾ Does not include \$2,257,682 of reserves and appropriated fund balance.

Source: Audited Financial Statement for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year, the adopted budgets for the 2022-2023 and 2023-2024 fiscal years. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Chenango Elementary ⁽¹⁾	Pre-K-5	1,205	1927, '41, '55, '76, '90, 2000
Chenango Forks Middle School	6-8	525	1972, '97
Chenango Forks Senior High School	9-12	610	1965, '81, 2017

⁽¹⁾ The John Harshaw and Charlotte Kenyon Elementary Wings have been combined and are now referred to as the Chenango Elementary.

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2018-2019	1,506	2023-2024	1,317
2019-2020	1,403	2024-2025	1,317
2020-2021	1,359	2025-2026	1,317
2021-2022	1,317	2026-2027	1,317
2022-2023	1,323	2027-2028	1,317

Source: District officials.

Employees

The District employs approximately 235 full-time employees, a majority of which are represented by the following collective bargaining units.

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
135	Chenango Forks Teachers' Association	June 30, 2023 ⁽¹⁾
9	Chenango Forks Administrators' Association	June 30, 2023 ⁽¹⁾
1	Chenango Forks Director of Facilities	June 30, 2025
1	Chenango Forks Director of Transportation	June 30, 2024
52	Chenango Forks Support Staff Association	June 30, 2024
21	Chenango Forks Operation and Maintenance	June 30, 2025
14	Chenango Forks Secretarial / Clerical Association	June 30, 2024
1	Chenango Forks Superintendent	October 31, 2024

⁽¹⁾ Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the current fiscal year are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	264,419	1,155,495
2018-2019	277,645	989,475
2019-2020	264,711	1,066,526
2020-2021	286,159	979,795
2021-2022	213,814	990,584
2022-2023 (Budgeted)	280,846	1,103,771
2023-2024 (Budgeted)	304,682	1,050,826

Source: District officials.

Retirement Incentive Program. Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District did not offer retirement incentives for the 2018-2019, 2019-2020, and 2021-2022 fiscal years and does not anticipate offering an early retirement incentive programs to its employees for the 2022-2023 fiscal year. The District has offered an early retirement incentive to its employees in the past, the number of participants and the savings are summarized in the table below:

<u>Year</u>	<u>Participants</u>	<u>Savings</u>
2014-2015	2	\$ 21,718
2015-2016	1	11,692
2016-2017	5	39,383
2017-2018	4	189,233

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2019 to 2024) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2018-19	14.9%	10.62%
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76*

*Estimated

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District’s employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with an actuarial firm to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2021 and 2022. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

	Balance at:	June 30, 2020	June 30, 2021
		\$ 92,149,386	\$ 90,561,176
<u>Changes for the year:</u>			
Service cost		2,783,608	3,122,868
Interest		2,066,286	1,992,086
Differences between expected and actual experience		(11,725,310)	-
Changes in assumptions or other inputs		8,174,749	(18,013,621)
Benefit payments		(2,887,543)	(2,931,316)
Net Changes		\$ (1,588,210)	\$ (15,829,983)
	Balance at:	June 30, 2021	June 30, 2022
		\$ 90,561,176	\$ 74,731,193

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice of the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under “STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and is attached hereto as “APPENDIX – D”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller’s office released an audit report of the District on November 20, 2020. The purpose of the audit was to determine whether Chenango Forks Central School District (District) officials properly identified and billed tuition for nonresident students for the period July 1, 2017 through April 30, 2019. The audit period was extended to January 9, 2014 to review prior versions of the Board’s nonresident tuition policy.

Key Findings:

- District officials did not adopt a clear and comprehensive nonresident admission/tuition policy. As a result, we could not determine exactly which students should have been classified as a nonresident student and should have been billed tuition. In addition, some student records contained insufficient documentation to support residency or exceptions to the policy.

Key Recommendations:

- Clarify the “Admission of Non-Resident Students” policy (Policy) to include all applicable exceptions.

The District provided a complete response to the State Comptroller’s office on October 20, 2020. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “Significant Fiscal Stress”, in “Moderate Fiscal Stress,” as “Susceptible Fiscal Stress” or “No Designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “No Designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2022	No Designation	0.0
2021	No Designation	0.0
2020	No Designation	0.0

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Towns of:					
Barker	\$ 57,586,037	\$ 57,571,766	\$ 57,713,451	\$ 57,833,267	\$ 58,355,086
Chenango	215,523,586	215,582,754	215,293,967	215,713,832	216,101,572
Fenton	74,976,853	75,374,446	75,407,742	75,481,751	75,718,780
Greene	7,217,855	7,199,386	7,919,763	8,634,160	11,106,785
Maine	2,707,571	2,638,568	2,638,109	2,637,534	2,670,849
Triangle	1,204,126	1,204,126	1,204,126	1,213,326	1,232,142
Total Assessed Values	<u>\$ 359,216,028</u>	<u>\$ 359,571,046</u>	<u>\$ 360,177,158</u>	<u>\$ 361,513,870</u>	<u>\$ 365,185,214</u>

State Equalization Rates

Towns of:					
Barker	100.00%	100.00%	100.00%	100.00%	85.52%
Chenango	70.00%	67.00%	65.25%	62.50%	55.50%
Fenton	65.00%	67.00%	66.00%	62.00%	56.30%
Greene	100.00%	95.00%	87.00%	87.00%	80.00%
Maine	65.00%	61.00%	60.00%	58.00%	53.00%
Triangle	100.00%	100.00%	97.00%	96.00%	87.50%
Total Taxable Full Valuation	<u>\$ 493,413,354</u>	<u>\$ 504,944,192</u>	<u>\$ 516,661,437</u>	<u>\$ 540,455,833</u>	<u>\$ 612,430,400</u>

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Towns of:					
Barker	\$ 23.80	\$ 23.83	\$ 23.79	\$ 23.07	\$ 24.35
Chenango	33.99	35.56	36.46	36.92	37.52
Fenton	36.61	35.56	36.05	37.22	36.99
Greene	23.80	25.08	27.45	26.52	26.03
Maine	36.61	39.06	39.66	39.78	39.29
Triangle	23.80	23.83	24.53	24.03	23.80

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge during the month of September, but a 2% penalty is charged during October. After November 15th, uncollected taxes are returned to the Counties for collection. The District receives these amounts from the Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the Counties.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Tax Levy	\$ 11,741,111	\$ 12,031,262	\$ 12,293,016	\$ 12,469,363	\$ 12,755,617
Amount Uncollected ⁽¹⁾	479,916	530,018	464,816	445,199	464,524
% Uncollected	4.09%	4.41%	3.78%	3.57%	3.64%

⁽¹⁾ District taxes are made whole by the respective Counties in the same fiscal year as the year of levy. See "Tax Collection Procedure" herein.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures comprised of Real Property Taxes & Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2017-2018	\$ 33,824,518	\$ 11,551,367	34.15%
2018-2019	33,230,794	11,759,522	35.39
2019-2020	33,497,966	12,034,852	35.93
2020-2021	33,016,421	12,310,313	37.29
2021-2022	34,919,254	12,489,019	35.77
2022-2023 (Budgeted)	34,896,537 ⁽¹⁾	12,775,617	36.61
2023-2024 (Budgeted)	35,248,843 ⁽²⁾	13,119,680	37.22

⁽¹⁾ Does not include \$810,846 of appropriated fund balance.

⁽²⁾ Does not include \$2,257,682 of reserves and appropriated fund balance.

Source: Audited Financial Statement for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year, the adopted budget for the 2022-2023 and 2023-2024 fiscal years. This table is not audited

Larger Taxpayers 2022 for 2022-23 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Assessed Valuation</u>
NYS Electric & Gas Corporation	Utility	\$21,094,022
So Tier Real Estate One	Commercial	14,170,375
William Maines	Residential	2,708,739
Forest Manor LLC	Commercial	2,664,298
Fifth Garden Park LLC	Mobile Home Park	2,438,394
Windsor Glen Assoc	Apartments	2,162,162
Citizens Communications	Commercial	1,629,764
IRR Supply Centers	Commercial	1,621,621
Virginia City Mobile	Mobile Home Park	1,444,938
Bou-Mourad Ent	Commercial	1,381,441

The larger taxpayers listed above have a total estimated assessed valuation of \$51,315,754, which represents 8.38% of the tax base of the District.

As of the date of this Official Statement, the District does not have any pending or outstanding tax certioraris that are known or believed to have a material impact on the District.

Source: District Tax Rolls.

Additional Tax Information

Real property located in the District is assessed by the towns in which the District is located.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-73%; and Other 27%.

The estimated total annual property tax bill of a \$75,000 market value residential property after STAR, located in the Town of Chenango in the District is approximately \$3,070, including county, town and School District taxes.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

The STAR program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less in 2021-22 and \$92,000 or less in 2022-2023, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$70,700 for the 2021-22 school year and \$74,900 for the 2022-23 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2022-23 Enacted State Budget provides \$2.2 billion in State funding for a new property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners’ existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Barker	\$ 69,610	\$ 26,700	4/6/2023
Chenango	45,180	16,690	4/6/2023
Fenton	45,830	16,890	4/6/2023
Greene	65,120	24,000	4/6/2023
Maine	43,140	15,900	4/6/2023
Triangle	71,230	26,250	4/6/2023

\$1,846,371 of the district’s \$12,755,617 school tax levy for the 2022-2023 fiscal year was exempt by the STAR Program. The district expects to receive full reimbursement of such exempt taxes from the State in January 2023.

A similar STAR amount is expected to be exempt for the 2023-2024 fiscal year. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2024.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (“Chapter 97” or the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015, a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016, the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 varied based on a taxpayer's personal income level and STAR tax savings. Under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. For taxpayers other than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, and Chapter 20 has provided an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

See "THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations in summary form and as generally applicable to the District include the following:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate shall be determined.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$ 6,390,000	\$ 19,600,000	\$ 17,460,000	\$ 15,040,000	\$ 13,235,000
Bond Anticipation Notes	19,563,484	1,485,000	1,510,000	6,275,000	25,980,000
Energy Performance Contract ⁽¹⁾	<u>3,374,000</u>	<u>3,153,000</u>	<u>2,927,000</u>	<u>2,694,000</u>	<u>2,455,000</u>
Total Debt Outstanding	<u>\$ 29,327,484</u>	<u>\$ 24,238,000</u>	<u>\$ 21,897,000</u>	<u>\$ 24,009,000</u>	<u>\$ 41,670,000</u>

⁽¹⁾ Represents an Energy Performance Contract financing which while a financial obligation, is not a general obligation of the District but does count against the District's debt limit. See "Capital Lease" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 31, 2023.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2023-2033	\$ 13,235,000
<u>Bond Anticipation Notes</u>		
Purchase of Buses	June 7, 2023	1,271,000 ⁽¹⁾
Capital Project	June 29, 2023	<u>24,545,000</u> ⁽²⁾
	Total Indebtedness	<u>\$ 28,315,000</u>

⁽¹⁾ To be partially redeemed and renewed with bond anticipation notes and \$432,000 in available funds of the District in a separate issuance expected to close on June 6, 2023.

⁽²⁾ The proceeds of the Notes will redeem and renew the bond anticipation notes along with \$164,000 in available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 31, 2023:

Full Valuation of Taxable Real Property	\$ 612,430,400
Debt Limit 10% thereof	61,243,040

Inclusions:

Bonds	\$ 13,235,000
Bond Anticipation Notes	1,435,000
Principal of this Issue	<u>24,545,000</u>
Total Inclusions	<u>\$ 39,215,000</u>

Exclusions:

State Building Aid ⁽¹⁾	\$ 0
Total Exclusions	<u>\$ 0</u>

Total Net Indebtedness	<u>\$ 39,215,000</u>
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Net Debt-Contracting Margin	<u>\$ 22,028,040</u>
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The percent of debt contracting power exhausted is	64.03%
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⁽¹⁾ Based on preliminary 2023-2024 building aid estimates, the District anticipates State Building aid of 91.8% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. An Energy Performance Contract lease purchase financing is not included in this summary, but does count toward the debt limit. See "Capital Lease" herein.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Capital Project Plans

On May 21, 2019, the qualified voters of the District approved a proposition authorizing the construction of a new swimming pool addition to the high school, and construction of improvements to and reconstruction of various school district buildings and facilities at a maximum cost of \$28,550,000 with \$3,150,000 capital reserve money, and the remaining \$25,400,000 coming from the issuance of bond anticipation notes and serial bonds. The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on June 13, 2019. The proceeds of the Notes, along with \$164,000 available funds of the District will redeem and renew the \$24,709,000 bond anticipation notes maturing June 29, 2023 for the aforementioned purpose.

The District annually issues bond anticipation notes for the purchase of school buses. The District issued \$1,271,000 bond anticipation notes on June 7, 2022, along with \$469,000 available funds of the District to partially redeem and renew the \$1,275,000 bond anticipation notes that matured June 8, 2022 and provide \$465,000 new money for the purchase of buses. The District is in the process of issuing bond anticipation notes scheduled to close on June 6, 2023, along with \$432,000 available funds of the District to partially redeem and renew the \$1,271,000 bond anticipation notes maturing June 7, 2023 and for the purchase of buses.

The District is reviewing facility needs in anticipation of a new capital project to be voted on in the Fall 2023. The ultimate size and scope of the project is roughly \$12,000,000, with \$2,000,000 use of capital reserve funds. The District is taking into account state building aid and expiring debt service to put forth a project that does not increase taxes. Pending a positive vote, borrowings will be pursuant to State approval and construction cash flow needs.

Cash Flow Borrowings

The District has not issued tax anticipation notes and/or revenue anticipation notes and/or deficiency or budget notes in the past five fiscal years and does not anticipate the need to issue revenue and/or tax anticipation notes and/or deficiency or budget notes in the near future.

Capital Lease

On October 13, 2015, the District entered into a \$3,748,582 energy performance contract financing for improvements to implement energy cost-saving techniques. The annual nominal interest rate is 2.630%. The lease purchase financing is for a 15-year period of time and requires annual principal and interest payments which began on September 15, 2016. The lease purchase is subject to appropriation financing and does not constitute general obligation debt of the District. However, such financings do count in debt limit calculations. A schedule of future lease payments is as follows:

<u>Fiscal Year ended June 30th:</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 245,000	\$ 61,345
2024	252,000	54,389
2025	258,000	48,103
2026	265,000	41,225
2027-2031	<u>1,435,000</u>	<u>96,350</u>
Total minimum lease payments:	<u>\$ 2,455,000</u>	<u>\$ 301,832</u>

Source: Audited financial reports of the District. Table itself is not audited.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Broome	12/31/2021	\$ 138,006,333	\$ 798,242	\$ 137,208,091	5.09%	\$ 6,983,892
Chenango	12/31/2021	-	-	-	0.30%	-
Town of:						
Barker	12/31/2021	-	-	-	40.02%	-
Chenango	12/31/2021	6,039,456	3,645,000	2,394,456	43.26%	1,035,842
Fenton	12/31/2021	266,646	26,646	240,000	37.03%	88,872
Greene	12/31/2021	-	-	-	2.45%	-
Maine	12/31/2021	230,000	-	230,000	1.65%	3,795
Triangle	12/31/2021	-	-	-	0.91%	-
Fire District of:						
Brisben	12/31/2021	-	-	-	100.00%	-
					Total:	<u>\$ 8,112,401</u>

⁽¹⁾ Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.

⁽²⁾ Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2021.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 31, 2023:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 39,215,000	\$ 4,171.81	6.40%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	47,327,401	5,034.83	7.73

^(a) The current estimated population of the District is 9,400. (See "THE SCHOOL DISTRICT – Population" herein.)

^(b) The District's full value of taxable real estate for the 2022-2023 fiscal year is \$612,430,400. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

^(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.

^(d) Estimated net overlapping indebtedness is \$8,112,401. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt. No principal of or interest on School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Notes. See "Tax Levy Limitation Law" herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein.

Cybersecurity. The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

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COVID-19: An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Schools and non-essential businesses have been allowed to reopen under guidelines issued by the State. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and intends to take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid", "State Aid History" herein).

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds and Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals, however for tax years beginning after December 31, 2022, interest on the Bonds and Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E".

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Notes substantially in the form set forth in “APPENDIX – E” hereto.

LITIGATION

A suit was filed in 2021 against the District alleging negligent supervision, among other things, relating to sexual abuse in the late 1960s by a teacher against a former student. Currently, there is no insurance coverage for the claim. The outcome and potential exposure to the District are uncertain, due to the passage of time since the incident, the deaths and age of witnesses, and the relative newness of this area of litigation. The District has reserved monies it believes adequate to cover potential costs and damages. In the event those monies are inadequate, the District has statutory authority to pay any judgment through the use of bonds.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to provide Material Event Notices, a description of which is attached hereto as “APPENDIX – C”.

Historical Compliance

The District has in the previous five years complied, in all material respects, with any previous undertakings made pursuant to Rule 15c2-12.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the “Municipal Advisor”), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District; provided, however, the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C", attached hereto).

Moody's Investors Service ("Moody's") has assigned its underlying rating of "A2" to the District's outstanding bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Mark Putrino, School Business Executive, Chenango Forks Central School District, 1 Gordon Drive, Binghamton, New York 13901-9598, Phone: (607) 648-7564, Fax: (607) 648-7560, Email: putrinom@cforks.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

Dated: May 31, 2023

**LYNN LOCKWOOD
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER**

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 2,696,044	\$ 2,756,090	\$ 3,281,631	\$ 2,944,015	\$ 3,163,823
Restricted Cash	5,213,229	2,539,490	2,709,875	3,946,867	5,140,356
State and Federal Aid Receivable	555,255	561,299	629,307	583,595	893,589
Tax Receivables	536	771	-	-	-
Other Receivables	36,356	34,645	39,574	160,876	145,300
Due from Other Governments	759,863	923,913	954,479	900,658	970,611
Due from Other Funds	104,103	165,260	235,964	375,484	-
Due from Fiduciary Funds	-	-	2,864	-	-
Prepaid Expenses	403	987	-	-	-
	<u>403</u>	<u>987</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 9,365,789</u></u>	<u><u>\$ 6,982,455</u></u>	<u><u>\$ 7,853,694</u></u>	<u><u>\$ 8,911,495</u></u>	<u><u>\$ 10,313,679</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 119,256	\$ 113,169	\$ 116,911	\$ 113,682	\$ 469,897
Accrued Liabilities	171,355	138,417	140,011	589,066	270,762
Bond Interest & Matured Bonds	-	-	-	-	-
Due to Other Governments	38	19	58	129	78
Due to Other Funds	10,349	52,760	9,866	5,443	321,000
Due to Teachers' Retirement System	1,076,514	1,151,453	985,748	1,065,370	1,139,675
Due to Employees' Retirement Fund	68,196	70,388	69,795	76,742	51,032
Compensated Absences	-	-	-	-	-
Unearned Revenues	-	-	-	70,311	-
Deferred Revenues	836,983	1,037,061	1,127,301	1,032,616	997,141
	<u>836,983</u>	<u>1,037,061</u>	<u>1,127,301</u>	<u>1,032,616</u>	<u>997,141</u>
TOTAL LIABILITIES	<u><u>\$ 2,282,691</u></u>	<u><u>\$ 2,563,267</u></u>	<u><u>\$ 2,449,690</u></u>	<u><u>\$ 2,953,359</u></u>	<u><u>\$ 3,249,585</u></u>
<u>FUND EQUITY</u>					
Restricted	\$ 5,213,632	\$ 2,487,717	\$ 2,709,875	\$ 3,946,867	\$ 5,140,356
Unrestricted:					
Assigned	683,580	673,573	606,819	672,310	561,531
Unassigned	1,185,886	1,257,898	2,087,310	1,338,959	1,362,207
	<u>1,185,886</u>	<u>1,257,898</u>	<u>2,087,310</u>	<u>1,338,959</u>	<u>1,362,207</u>
TOTAL FUND EQUITY	<u><u>\$ 7,083,098</u></u>	<u><u>\$ 4,419,188</u></u>	<u><u>\$ 5,404,004</u></u>	<u><u>\$ 5,958,136</u></u>	<u><u>\$ 7,064,094</u></u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 9,365,789</u></u>	<u><u>\$ 6,982,455</u></u>	<u><u>\$ 7,853,694</u></u>	<u><u>\$ 8,911,495</u></u>	<u><u>\$ 10,313,679</u></u>

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES					
Real Property Taxes	\$ 9,305,050	\$ 9,531,899	\$ 9,898,141	\$ 10,222,086	\$ 10,491,451
Real Property Tax Items	2,246,317	2,227,623	2,136,711	2,088,227	1,997,568
Charges for Services	75,348	61,824	65,142	45,258	47,433
Use of Money & Property	608,861	452,306	253,923	201,016	204,317
Sale of Property and Compensation for Loss	34,044	3,387	13,238	1,498	44,008
Miscellaneous	1,560,974	1,171,538	715,102	442,656	739,160
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	19,895,944	19,747,733	20,381,551	19,991,783	20,845,339
Revenues from Federal Sources	49,950	34,484	34,158	23,897	549,978
Total Revenues	<u>\$ 33,776,488</u>	<u>\$ 33,230,794</u>	<u>\$ 33,497,966</u>	<u>\$ 33,016,421</u>	<u>\$ 34,919,254</u>
Other Sources:					
Interfund Transfers	<u>48,030</u>	<u>-</u>	<u>9,866</u>	<u>-</u>	<u>12,571</u>
Total Revenues and Other Sources	<u>\$ 33,824,518</u>	<u>\$ 33,230,794</u>	<u>\$ 33,507,832</u>	<u>\$ 33,016,421</u>	<u>\$ 34,931,825</u>
EXPENDITURES					
General Support	\$ 2,884,962	\$ 2,960,136	\$ 2,896,424	\$ 3,037,482	\$ 3,199,811
Instruction	15,662,970	15,590,070	15,462,175	15,406,323	16,093,360
Pupil Transportation	1,950,344	1,905,280	1,644,184	1,840,167	2,065,585
Community Services	-	-	-	-	-
Employee Benefits	7,822,821	8,144,554	8,355,198	8,023,627	8,340,503
Debt Service	4,043,996	4,007,354	4,035,228	4,047,468	4,005,645
Total Expenditures	<u>\$ 32,365,093</u>	<u>\$ 32,607,394</u>	<u>\$ 32,393,209</u>	<u>\$ 32,355,067</u>	<u>\$ 33,704,904</u>
Other Uses:					
Interfund Transfers	<u>134,509</u>	<u>3,287,310</u>	<u>129,807</u>	<u>107,222</u>	<u>120,963</u>
Total Expenditures and Other Uses	<u>\$ 32,499,602</u>	<u>\$ 35,894,704</u>	<u>\$ 32,523,016</u>	<u>\$ 32,462,289</u>	<u>\$ 33,825,867</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,324,916</u>	<u>(2,663,910)</u>	<u>984,816</u>	<u>554,132</u>	<u>1,105,958</u>
FUND BALANCE					
Fund Balance - Beginning of Year	5,758,182	7,083,098	4,419,188	5,404,004	5,958,136
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 7,083,098</u>	<u>\$ 4,419,188</u>	<u>\$ 5,404,004</u>	<u>\$ 5,958,136</u>	<u>\$ 7,064,094</u>

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:

	2022			2023	2024
	Adopted Budget	Modified Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 12,469,363	\$ 10,489,412	\$ 10,491,451	\$ 12,755,617	\$ 13,119,680
Real Property Tax Items	-	1,998,951	1,997,568	-	41,802
Charges for Services	-	65,000	47,433	-	65,000
Use of Money & Property	-	202,135	204,317	-	202,135
Sale of Property and Compensation for Loss	-	35,031	44,008	-	-
Miscellaneous	903,335	583,425	739,160	884,458	555,200
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	21,166,351	20,809,524	20,845,339	21,256,462	21,230,026
Revenues from Federal Sources	-	391,827	549,978	-	35,000
Total Revenues	<u>\$ 34,539,049</u>	<u>\$ 34,575,305</u>	<u>\$ 34,919,254</u>	<u>\$ 34,896,537</u>	<u>\$ 35,248,843</u>
Other Sources:					
Appropriated Fund Balance	-	-	-	810,846	2,257,682
Interfund Transfers	-	-	12,571	-	-
Total Revenues and Other Sources	<u>\$ 34,539,049</u>	<u>\$ 34,575,305</u>	<u>\$ 34,931,825</u>	<u>\$ 35,707,383</u>	<u>\$ 37,506,525</u>
EXPENDITURES					
General Support	\$ 3,055,390	\$ 3,353,179	\$ 3,199,811	\$ 3,130,215	\$ 3,657,442
Instruction	16,949,854	16,877,446	16,093,360	16,945,209	17,887,505
Pupil Transportation	2,193,683	2,182,187	2,065,585	2,206,038	2,336,302
Community Services	-	-	-	-	-
Employee Benefits	8,902,643	8,828,428	8,340,503	9,297,163	9,905,190
Debt Service	4,009,248	4,091,144	4,005,645	3,985,258	3,410,086
Total Expenditures	<u>\$ 35,110,818</u>	<u>\$ 35,332,384</u>	<u>\$ 33,704,904</u>	<u>\$ 35,563,883</u>	<u>\$ 37,196,525</u>
Other Uses:					
Interfund Transfers	143,500	130,500	120,963	143,500	310,000
Total Expenditures and Other Uses	<u>\$ 35,254,318</u>	<u>\$ 35,462,884</u>	<u>\$ 33,825,867</u>	<u>\$ 35,707,383</u>	<u>\$ 37,506,525</u>
Excess (Deficit) Revenues Over Expenditures	<u>(715,269)</u>	<u>(887,579)</u>	<u>1,105,958</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund Balance - Beginning of Year	715,269	887,579	5,958,136	810,846	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,064,094</u>	<u>\$ 810,846</u>	<u>\$ -</u>

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2023	\$ 1,850,000	\$ 567,113	\$ 2,417,113
2024	1,380,000	504,613	1,884,613
2025	940,000	448,950	1,388,950
2026	990,000	401,950	1,391,950
2027	1,040,000	352,450	1,392,450
2028	1,090,000	300,450	1,390,450
2029	1,145,000	245,950	1,390,950
2030	1,200,000	188,700	1,388,700
2031	1,265,000	128,700	1,393,700
2032	1,300,000	90,750	1,390,750
2033	1,035,000	51,750	1,086,750
TOTALS	\$ 13,235,000	\$ 3,281,375	\$ 4,301,725

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2015 DASNY Refunding Bonds			2015 DASNY Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,000,000	\$ 30,913	\$ 1,030,913	\$ 850,000	\$ 536,200	\$ 1,386,200
2024	485,000	10,913	495,913	895,000	493,700	1,388,700
2025	-	-	-	940,000	448,950	1,388,950
2026	-	-	-	990,000	401,950	1,391,950
2027	-	-	-	1,040,000	352,450	1,392,450
2028	-	-	-	1,090,000	300,450	1,390,450
2029	-	-	-	1,145,000	245,950	1,390,950
2030	-	-	-	1,200,000	188,700	1,388,700
2031	-	-	-	1,265,000	128,700	1,393,700
2032	-	-	-	1,300,000	90,750	1,390,750
2033	-	-	-	1,035,000	51,750	1,086,750
TOTALS	\$ 1,485,000	\$ 41,825	\$ 1,526,825	\$ 11,750,000	\$ 3,239,550	\$ 14,989,550

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, the School District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Note
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the School District
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Note.

With respect to event (d) the School District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the School District determines that any such other event is material with respect to the Note; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed material event notices, if any, on or before the date specified.

The School District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Note within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Note (including holders of beneficial interests in the Note). The right of holders of the Note to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District’s obligations under its material event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Note nor entitle any holder of the Note to recover monetary damages.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School District; provided that the School District agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

**CHENANGO FORKS CENTRAL SCHOOL DISTRICT
BROOME AND CHENANGO COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2022

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

**CHENANGO FORKS
CENTRAL SCHOOL DISTRICT**

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2022**



CHENANGO FORKS CENTRAL SCHOOL DISTRICT

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CHENANGO FORKS CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Chenango Forks Central School District
Binghamton, New York

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of a Matter

During the year ended June 30, 2022, the School District adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." As discussed in Note 17 to the financial statements, net position as of June 30, 2021 for the governmental activities was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

INSERO & Co. CPAs, LLP

The Highest Standard | (800) 232-9547 | www.inserocpa.com

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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes 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 GAAS, 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 School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information); and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 7, 2022

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The following is a discussion and analysis of the Chenango Forks Central School District's (the School District) financial performance for the fiscal year ended June 30, 2022. This section is a summary of the 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. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Revenues exceeded expenses by \$6,451,575 in 2022, compared to expenses exceeding revenues by \$731,438 in 2021. The School District ended the year with a net deficit of \$45,248,687, compared to a net deficit of \$51,700,262, as restated in 2021.
- During 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases," which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Due to the implementation, the School District restated its beginning net deficit by \$250,958.
- The General Fund budgeted expenditures, including carry-over encumbrances and other financing uses, were underspent by \$1,575,486, while revenues and other financing sources were over budgeted amounts by \$356,520.
- Capital asset additions during 2022 amounted to \$1,474,844 for capital improvements and the purchase of buses, vehicles, and equipment. Depreciation and amortization expense during the current year amounted to \$2,133,305 and \$98,942, respectively.
- The School District had \$43,573,475 in outstanding debt at year end, an increase of \$17,461,571 from the prior year, primarily due to issuance of new bond anticipation notes.
- Total General Fund balance, including reserves, was \$7,064,094 at June 30, 2022. Unassigned fund balance amounted to \$1,362,207 which was subject to and below the maximum limit (4% of 2022-2023 appropriations) permitted under New York State Real Property Tax Law.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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 School District's budget for the year and a Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits and information related to the School District's pension obligations.

District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 financial statements report the School District's net position and how it has changed. Net Position (the difference between the School District's assets and deferred outflows of resources and the School District's liabilities and deferred inflows of resources) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School 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.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Governmental Fund Financial Statements

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

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

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total School District		Total Dollar Change
	2022	2021	
<i>Current Assets</i>	\$ 29,658,233	\$ 7,501,508	\$ 22,156,725
<i>Noncurrent Assets</i>	17,722,663	5,473,558	12,249,105
<i>Capital Assets, Net</i>	52,334,753	53,200,691	(865,938)
Total Assets	99,715,649	66,175,757	33,539,892
Total Deferred Outflows of Resources	17,937,111	23,542,787	(5,605,676)
<i>Current Liabilities</i>	32,493,406	10,597,779	21,895,627
<i>Noncurrent Liabilities</i>	90,970,895	110,419,423	(19,448,528)
Total Liabilities	123,464,301	121,017,202	2,447,099
Total Deferred Inflows of Resources	39,437,146	20,401,604	19,035,542
<i>Net Investment in Capital Assets</i>	27,029,116	27,554,482	(525,366)
<i>Restricted</i>	7,387,442	5,712,377	1,675,065
<i>Unrestricted</i>	(79,665,245)	(84,967,121)	5,301,876
Total Net Position (Deficit)	\$ (45,248,687)	\$ (51,700,262)	\$ 6,451,575

Total assets increased 50.7%. This change stems from restricted monies received from the BAN issuance for capital project, as well as from the School District's proportionate share of the net pension assets of the NYSTRS and NYSLRS pension plans of \$10,791,686, in comparison to the prior year net pension liabilities for both plans.

Deferred outflows of resources decreased 23.8% and deferred inflows of resources increased 93.3%. These changes are a result of changes in actuarial assumptions and net differences between projected and actual earnings on pension plan investments related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Total liabilities increased 2.0%. This change stems from the School District's proportionate share of the NYSTRS and NYSLRS pension plans becoming an asset in the current year, offset by the issuance of BANs from a Capital Project.

Total net position increased 12.5%. This was the result of excess revenues over expenses, which is discussed further in *Figure 2*.

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

Changes in Net Position	Governmental Activities and Total School District		Total Dollar Change
	2022	2021	
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 174,659	\$ 81,434	\$ 93,225
<i>Operating Grants</i>	3,369,879	1,587,446	1,782,433
<i>Capital Grants</i>	135,447	-	(135,447)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	10,491,451	10,222,086	269,365
<i>Real Property Tax Items</i>	1,997,568	2,088,227	(90,659)
<i>State Sources</i>	20,885,711	19,974,110	911,601
<i>Use of Money and Property</i>	206,160	221,773	(15,613)
<i>Other General Revenues</i>	681,741	260,351	421,390
Total Revenues	\$ 37,942,616	\$ 34,435,427	\$ 3,236,295
PROGRAM EXPENSES			
<i>General Support</i>	\$ 3,636,922	\$ 4,071,430	\$ (434,508)
<i>Instruction</i>	24,288,730	27,540,541	(3,251,811)
<i>Pupil Transportation</i>	2,132,209	1,855,071	277,138
<i>School Lunch Program</i>	1,099,793	998,972	100,821
<i>Interest on Debt</i>	333,387	700,851	(367,464)
Total Expenses	\$ 31,491,041	\$ 35,166,865	\$ (3,675,824)
CHANGE IN NET POSITION (DEFICIT)	\$ 6,451,575	\$ (731,438)	\$ 6,912,119

Total revenues increased by 9.4%, while total expenses decreased 10.5%. The increase in revenue is mostly due to increases in operating grants due to new funding through the Education Stabilization Fund, as well as an increase in basic formula aid. The decrease in total expenses is primarily due to a net decrease in OPEB and pension expense in comparison to prior year, offset by an increase in school lunch operational expenses.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figures 3 and 4 show the sources of revenue for 2022 and 2021.

Figure 3
Sources of Revenue for 2022

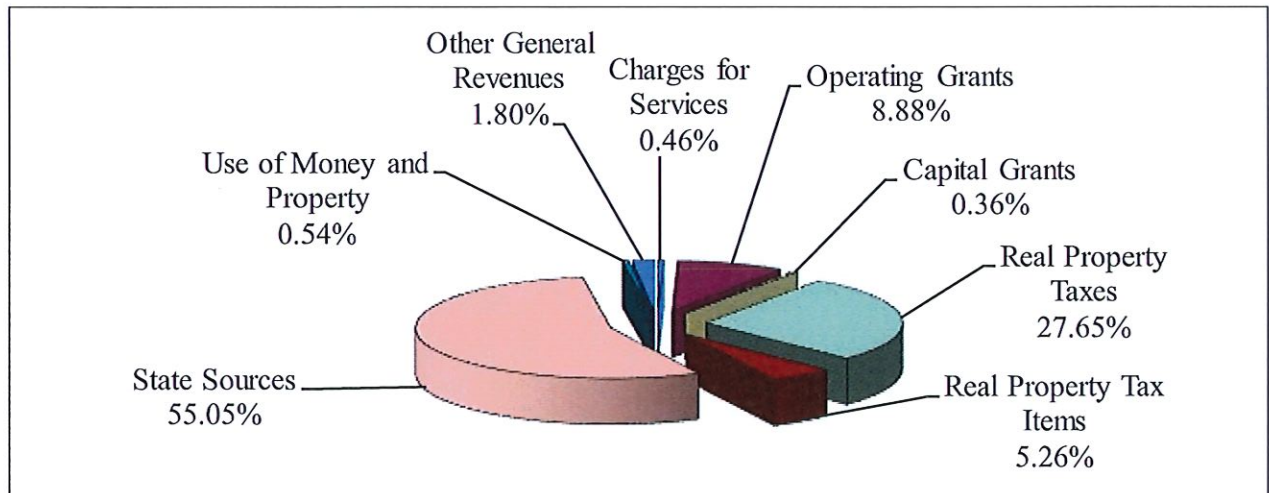
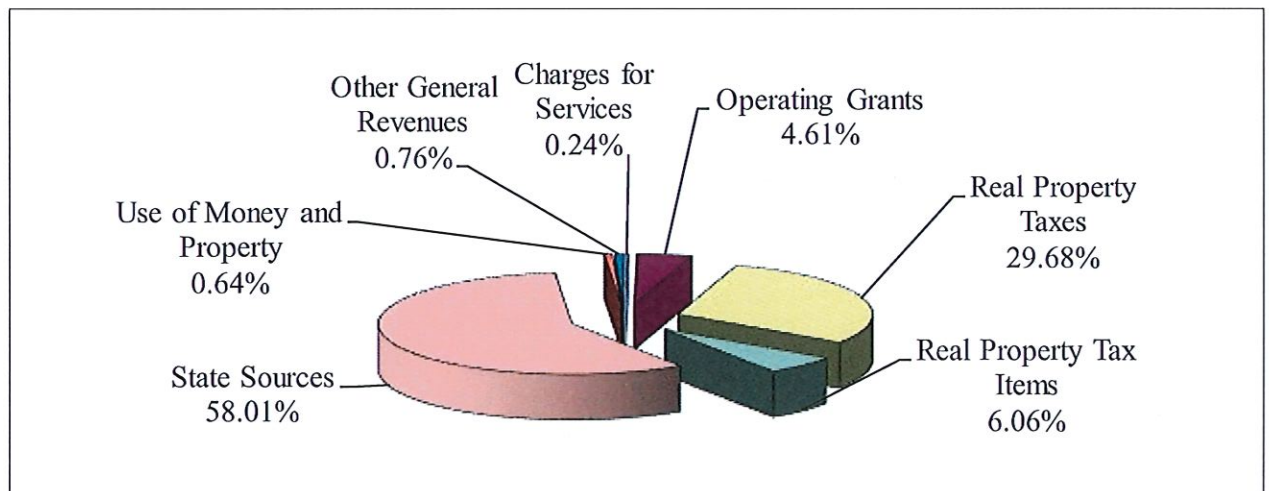


Figure 4
Sources of Revenue for 2021

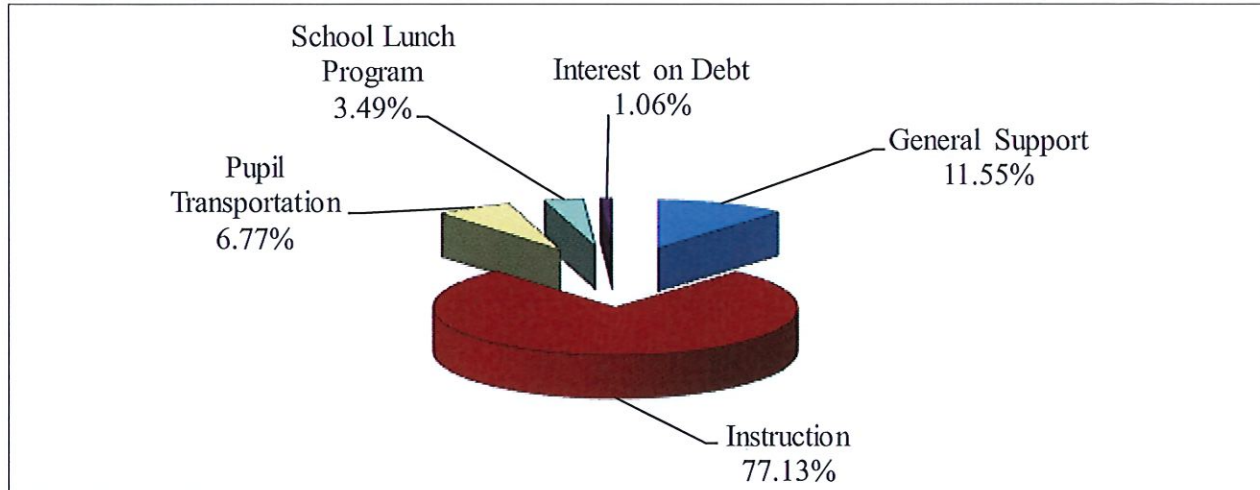


CHENANGO FORKS CENTRAL SCHOOL DISTRICT

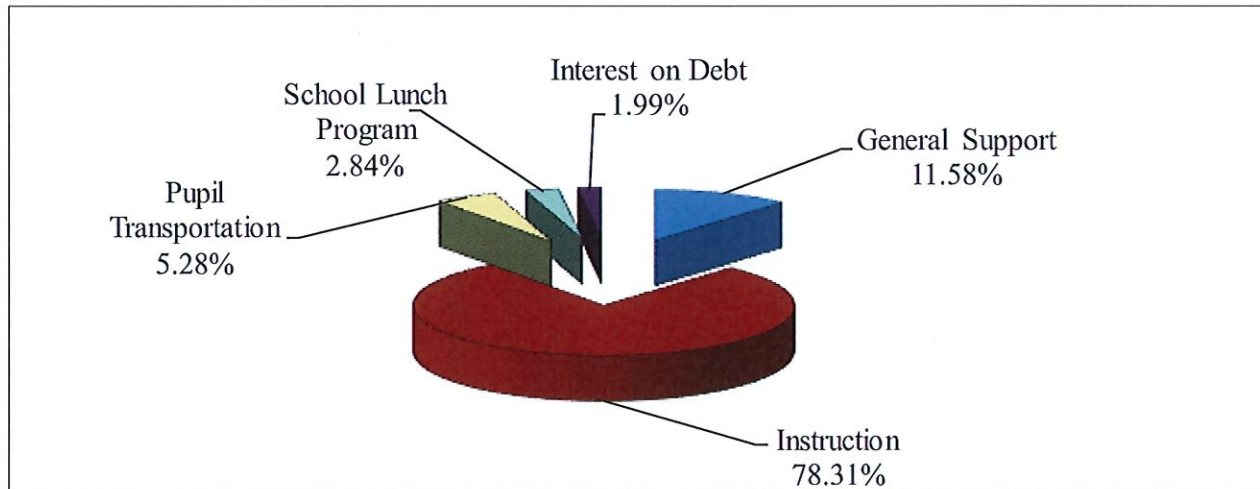
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figures 5 and 6 present the cost of each of the School District's programs for 2022 and 2021.

**Figure 5
Cost of Programs for 2022**



**Figure 6
Cost of Programs for 2021**



CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the change in fund balances for the year for the School District's funds. Total fund balance (deficit) increased 47.4%, which is primarily attributable to revenues over expenditures in the General and Capital Funds.

Figure 7

<i>Governmental Fund Balances</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 7,064,094	\$ 5,958,136	\$ 1,105,958
<i>Capital Projects Fund - Renovations</i>	(1,666,845)	(3,140,411)	1,473,566
<i>Non-Major Governmental Funds</i>	45,849	875,398	(829,549)
<i>Total Governmental Funds</i>	\$ 5,443,098	\$ 3,693,123	\$ 1,749,975

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves budgetary transfers of \$5,000 or more that revise the School District budget line items. These budget amendments consist of budget transfers between functions.

In addition, during the year the budget was amended. These budget amendments consisted of gifts and donations, and insurance proceeds, which increased the budget by \$36,256. The School District received \$356,520 more in General Fund revenues and other financing sources than budgeted. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$1,575,486. This is primarily due to lower than expected costs related to general support, instructional programs, transportation, and employee benefits expense.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ending June 30, 2022.

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2022</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
Real Property Taxes	\$ 12,469,363	\$ 10,489,412	\$ 10,491,451	\$ 2,039
Other Tax Items	19,000	1,998,951	1,997,568	(1,383)
State Sources	20,809,524	20,809,524	20,845,339	35,815
Other, Including Financing Sources	1,241,162	1,277,418	1,597,467	320,049
Total Revenues and Other Financing Sources	\$ 34,539,049	\$ 34,575,305	\$ 34,931,825	\$ 356,520
Prior Year Encumbrances	\$ 172,310	\$ 172,310		
Appropriated Reserves	\$ 215,269	\$ 215,269		
Appropriated Fund Balance	\$ 500,000	\$ 500,000		
EXPENDITURES				
General Support	\$ 3,199,577	\$ 3,353,179	\$ 3,211,562	\$ 141,617
Instruction	16,975,083	16,877,446	16,135,381	742,065
Pupil Transportation	2,196,577	2,182,187	2,073,344	108,843
Employee Benefits	8,902,643	8,828,428	8,340,503	487,925
Debt Service	4,009,248	4,091,144	4,005,645	85,499
Other Financing Uses	143,500	130,500	120,963	9,537
Total Expenditures and Other Financing (Uses)	\$ 35,426,628	\$ 35,462,884	\$ 33,887,398	\$ 1,575,486

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the School District had invested in a broad range of capital assets totaling \$89,514,453, offset by accumulated depreciation \$37,396,947. In addition, the School District reported intangible lease assets of \$580,352, offset by accumulated amortization of \$363,105. Figure 9 shows the changes in the School District's capital assets.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 9

<i>Changes in Capital Assets, Net</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Land</i>	\$ 151,675	\$ 151,675	\$ -
<i>Construction in Progress</i>	8,785,608	7,832,727	952,881
<i>Buildings, Net</i>	39,924,142	41,506,626	(1,582,484)
<i>Furniture and Equipment, Net</i>	3,256,081	3,393,474	(137,393)
<i>Intangible Lease Assets, Net</i>	217,247	316,189	(98,942)
<i>Total</i>	\$ 52,334,753	\$ 53,200,691	\$ (865,938)

Capital asset activity for the year ended June 30, 2022 included the following:

Construction in Progress	\$ 952,881
Furniture and Equipment	521,963
Total Additions	<u>1,474,844</u>
Less Net Book Value of Disposed Equipment	(108,535)
Less Depreciation Expense	(2,133,305)
Less Amortization Expense	<u>(98,942)</u>
Net Change in Capital Assets	<u><u>\$ (865,938)</u></u>

Debt Administration

Debt, both short and long-term, is considered a liability of Governmental Activities, *Figure 10* shows the changes in debt. Total indebtedness, including lease liabilities, represented 77.1% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Bond Anticipation Notes</i>	\$ 25,980,000	\$ 6,275,000	\$ 19,705,000
<i>Serial Bonds</i>	15,082,299	17,077,673	(1,995,374)
<i>Installment Purchase Debt</i>	2,455,000	2,694,000	(239,000)
<i>Lease Liabilities</i>	56,176	65,231	(9,055)
<i>Total</i>	\$ 43,573,475	\$ 26,111,904	\$ 17,461,571

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to the financial statements.

The School District's bond rating is A, which did not change from the prior year.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- Voters approved the proposed 2022/23 school district budget in the amount of \$35,707,383, with a tax levy increase of 2.30%, which was the maximum allowed under the property tax legislation. For the past 10 years the School District has had an average property tax levy increase of 2.16% per year.
- Health care costs jumped over 10% and are projected to continue along that same trajectory. As a result, the School District has moved all its retirees to Medicare Supplement plans at a savings to the School District of \$1,000,000.
- Special Education program costs continue to fluctuate as students move in/out of the district, and even though enrollments have been declining, more children are requiring special services.
- The School District continues to seek new funding opportunities to offset the rising costs due to rampant inflation, supply chain delays, and minimum wage increases. Some of those include rentals of unoccupied classrooms and a partnership with a grant writing service.
- The School District has received \$1,277,847 in CCRSA stimulus funds, payable from 3/13/20 to 9/30/23. The School District also received \$3,117,847 in ARP stimulus funds, payable from 3/13/20 to 9/30/24. The funds will be used to address learning loss and one time expenditures that will not require the use of future budget funding.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Chenango Forks Central School District, at 1 Gordon Drive, Binghamton, New York 13901.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 8,471,918
Cash and Cash Equivalents - Restricted	18,528,262
Due from State and Federal Governments	1,509,217
Due from Other Governments	970,611
Other Receivables	146,232
Inventories	31,993
Total Current Assets	29,658,233

Noncurrent Assets

Cash and Cash Equivalents - Restricted	4,440,009
Investments - Restricted	2,490,968
Net Pension Asset - Proportionate Share	10,791,686
Capital Assets, Net:	
Nondepreciable	8,937,283
Depreciable Capital Assets, Net	43,180,223
Intangible Lease Assets, Net	217,247
Total Noncurrent Assets	70,057,416

Total Assets	99,715,649
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	6,843,262
Other Postemployment Benefits	11,057,773
Deferred Charges on Defeased Debt	36,076
Total Deferred Outflows of Resources	17,937,111

LIABILITIES

Current Liabilities

Accounts Payable	510,423
Accrued Liabilities	271,998
Due to Other Governments	381
Bond Interest and Matured Bonds	49,730
Bond Anticipation Notes Payable	25,980,000
Due to Teachers' Retirement System	1,139,675
Due to Employees' Retirement System	51,032
Unearned Revenues - Other	2,195,462
Current Portion of Long-Term Obligations:	
Bonds Payable	2,040,374
Installment Purchase Debt	245,000
Lease Liabilities	9,331
Total Current Liabilities	32,493,406

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2022

Noncurrent Liabilities

Bonds Payable	\$ 13,041,925
Lease Liabilities	46,845
Installment Purchase Debt	2,210,000
Compensated Absences Payable	940,932
Other Postemployment Benefits Liability	74,731,193
Total Noncurrent Liabilities	90,970,895

Total Liabilities	123,464,301
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DEFERRED INFLOWS OF RESOURCES

Pensions	13,215,153
Other Postemployment Benefits	26,221,993

Total Deferred Inflows of Resources	39,437,146
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NET POSITION

Net Investment in Capital Assets	27,029,116
Restricted	7,387,442
Unrestricted Net (Deficit)	(79,665,245)
Total Net (Deficit)	\$ (45,248,687)

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 3,636,922	\$ -	\$ -	\$ -	\$ (3,636,922)
Instruction	24,288,730	103,446	2,522,662	135,447	(21,527,175)
Pupil Transportation	2,132,209	-	-	-	(2,132,209)
School Lunch Program	1,099,793	71,213	847,217	-	(181,363)
Interest on Debt	333,387	-	-	-	(333,387)
Total Functions and Programs	\$ 31,491,041	\$ 174,659	\$ 3,369,879	\$ 135,447	(27,811,056)
GENERAL REVENUES					
Real Property Taxes					10,491,451
Real Property Tax Items					1,997,568
Use of Money and Property					206,160
Unrestricted State Sources					20,885,711
Sale of Property					(64,527)
Miscellaneous					746,268
Total General Revenues					34,262,631
Change in Net Position					6,451,575
Total Net (Deficit) - Beginning of Year, as Restated					(51,700,262)
Total Net (Deficit) - End of Year					<u>\$(45,248,687)</u>

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	Major Funds		Non-Major	Total
	General Fund	Capital Projects Fund - Renovations	Governmental Funds	Governmental Funds
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 3,163,823	\$ 4,522,436	\$ 785,659	\$ 8,471,918
Cash and Cash Equivalents - Restricted	2,649,388	18,231,896	2,086,987	22,968,271
Investments - Restricted	2,490,968	-	-	2,490,968
Due from Other Funds	-	320,866	134	321,000
Due from State and Federal Governments	893,589	-	615,628	1,509,217
Due from Other Governments	970,611	-	-	970,611
Other Receivables	145,300	-	932	146,232
Inventories	-	-	31,993	31,993
Total Assets	\$10,313,679	\$ 23,075,198	\$ 3,521,333	\$ 36,910,210
LIABILITIES				
Accounts Payable	\$ 469,897	\$ 33,043	\$ 7,483	\$ 510,423
Accrued Liabilities	270,762	-	1,236	271,998
Due to Other Funds	321,000	-	-	321,000
Due to Other Governments	78	-	303	381
Bond Anticipation Notes Payable	-	24,709,000	1,271,000	25,980,000
Due to Teachers' Retirement System	1,139,675	-	-	1,139,675
Due to Employees' Retirement System	51,032	-	-	51,032
Unearned Revenues	-	-	2,195,462	2,195,462
Total Liabilities	2,252,444	24,742,043	3,475,484	30,469,971
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - September Aid	997,141	-	-	997,141
Total Deferred Inflows	997,141	-	-	997,141
FUND BALANCES				
Nonspendable	-	-	31,993	31,993
Restricted	5,140,356	-	2,247,086	7,387,442
Assigned	561,531	-	-	561,531
Unassigned	1,362,207	(1,666,845)	(2,233,230)	(2,537,868)
Total Fund Balances (Deficit)	7,064,094	(1,666,845)	45,849	5,443,098
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$10,313,679	\$ 23,075,198	\$ 3,521,333	\$ 36,910,210

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Fund Balances - Total Governmental Funds **\$ 5,443,098**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 90,094,805	
Less Accumulated Depreciation	(37,396,947)	
Less Accumulated Amortization	<u>(363,105)</u>	52,334,753

Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.

September General Aid	\$ 91,652	
September Excess Cost Aid	10,294	
September BOCES Aid	<u>895,195</u>	997,141

Long-term liabilities, including bonds payable, bond premium, installment purchase debt, and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (13,235,000)	
Installment Purchase Debt	(2,455,000)	
Bond Premium	(1,847,299)	
Lease Liabilities	<u>(56,176)</u>	(17,593,475)

The School District's proportionate share of the employee retirement systems' collective net pension (asset)/liability is not reported in the funds.

TRS Net Pension Asset - Proportionate Share	\$ 10,314,823	
ERS Net Pension Asset - Proportionate Share	<u>476,863</u>	10,791,686

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, OPEB, and pensions represent an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Charges on Defeased Debt	\$ 36,076	
Deferred Outflows of Resources - OPEB	11,057,773	
Deferred Inflows of Resources - OPEB	(26,221,993)	
TRS Deferred Inflows of Resources - Pension	(11,558,519)	
ERS Deferred Inflows of Resources - Pension	(1,656,634)	
TRS Deferred Outflows of Resources - Pension	5,924,251	
ERS Deferred Outflows of Resources - Pension	<u>919,011</u>	(21,500,035)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued Interest on Long-Term Debt	\$ (49,730)	
Compensated Absences	(940,932)	
Other Postemployment Benefits Liability	<u>(74,731,193)</u>	(75,721,855)

Net (Deficit) of Governmental Activities **\$ (45,248,687)**

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds		
	General Fund	Capital Projects Fund - Renovations	Non-Major Governmental Funds
			Total Governmental Funds
REVENUES			
Real Property Taxes	\$ 10,491,451	\$ -	\$ -
Real Property Tax Items	1,997,568	-	-
Charges for Services	47,433	-	-
Use of Money and Property	204,317	-	1,843
Sale of Property and Compensation for Loss	44,008	-	-
Other Revenue	739,160	-	25,171
State Sources	20,845,339	135,447	338,338
Medicaid Reimbursement	56,013	-	-
Federal Sources	493,965	-	2,595,360
Sales - School Lunch	-	-	71,213
Total Revenues	34,919,254	135,447	3,031,925
EXPENDITURES			
General Support	3,199,811	-	-
Instruction	16,093,360	-	1,901,902
Pupil Transportation	2,065,585	-	99,113
Employee Benefits	8,340,503	-	441,492
Debt Service:			
Principal	3,213,055	-	-
Interest	792,590	-	108,600
Cost of Sales	-	-	320,663
Capital Outlay	-	952,881	333,426
Total Expenditures	33,704,904	952,881	3,205,196
Excess (Deficiency) of Revenues Over Expenditures	1,214,350	(817,434)	(173,271)
OTHER FINANCING SOURCES AND (USES)			
Redeemed from Appropriations	-	691,000	469,000
Premium on Obligations	-	-	366,330
Operating Transfers In	12,571	1,600,000	31,765
Operating Transfers (Out)	(120,963)	-	(1,523,373)
Total Other Financing Sources and (Uses)	(108,392)	2,291,000	(656,278)
Net Change in Fund Balances	1,105,958	1,473,566	(829,549)
Fund Balances (Deficit) - Beginning of Year	5,958,136	(3,140,411)	875,398
Fund Balances (Deficit) - End of Year	\$ 7,064,094	\$ (1,666,845)	\$ 45,849

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds

\$ 1,749,975

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the net change in capital assets.

Capital Outlay	\$ 1,474,844	
Net Book Value of Disposed Assets	(108,535)	
Depreciation Expense	(2,133,305)	
Amortization Expense	<u>(98,942)</u>	(865,938)

Long-term debt proceeds and deferred amounts on refunding provide current financial resources to Governmental Funds, but issuing debt, and the related premiums, increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of Leases	\$ 9,055	
Repayment of Bond Principal	1,805,000	
Repayment of Installment Purchase Debt	<u>239,000</u>	2,053,055

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Other Postemployment Benefits Liability	\$ 1,794,683	
Compensated Absences	<u>(331,324)</u>	1,463,359

Certain revenue in the Governmental Funds is deferred because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this revenue is recognized regardless of when it is collected. This is the change in September aid from the previous year's aid.

(35,475)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These include the change in accrued interest, amortization of bond premiums, and deferred amounts from refunding bonds.

Deferred Amounts from Refunding Bonds	\$ (44,194)	
Premiums on Obligations	190,374	
Change in Accrued Interest	<u>55,293</u>	201,473

Changes in the School District's proportionate share of net pension (assets)/liabilities have no effect on current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

TRS	\$ 1,668,906	
ERS	<u>216,220</u>	1,885,126

Net Change in Net Position of Governmental Activities

\$ 6,451,575

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash and Cash Equivalents - Unrestricted	<u>\$ 83,162</u>
Total Assets	<u><u>\$ 83,162</u></u>
 NET POSITION	
Unrestricted	<u>\$ 83,162</u>
Total Net Position	<u><u>\$ 83,162</u></u>

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Extraclassroom Receipts	<u>\$ 229,356</u>
DEDUCTIONS	
Extraclassroom Disbursements	<u>207,259</u>
Change in Net Position	22,097
Net Position - Beginning of Year	<u>61,065</u>
Net Position - End of Year	<u>\$ 83,162</u>

See Notes to Basic Financial Statements

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies**

The accompanying financial statements of the Chenango Forks Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (Board) consisting of five 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended:

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

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

The decision to include a potential component unit in the School 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 Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. While the Extraclassroom Activity Funds are not considered a component unit of the School District, due to the School District's fiduciary responsibility, they are reported in School District's Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 1 Gordon Drive, Binghamton, NY 13901.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Joint Venture

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs to provide educational and support activities.

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§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 General Municipal Law (GML).

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law §1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

Basis of Presentation - District-Wide Financial Statements

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

The Statement of Net Position presents the financial position of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those specifically associated with and clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements

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

Major Funds

- General Fund: This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund - Renovations: Accounts for the financial resources used for the renovation of the School District's buildings.

Non-Major Funds

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
 - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.
 - Miscellaneous Special Revenue Fund: Used to account for scholarship funds awarded to individual students.
- Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest of long-term general obligation debt of governmental activities.
- Capital Projects Fund - Buses: Accounts for the purchase of buses for the School District.

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

The School District reports the following Fiduciary Funds:

- Custodial Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for Extraclassroom Activity Funds.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial 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 School 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 fiscal year, except for BOCES aid, which is accrued only if receivable within 60 days after the end of the fiscal year.

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

Cash and Investments

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

Accounts Receivable

Accounts receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

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

Nonspendable fund balances for these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	20-40 Years
Furniture and Equipment	5,000	5-20 Years

The School District utilizes the straight-line method of depreciation, and amortizes its intangible assets in line with its lease liability payments.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Vested Employee Benefits - Compensated Absences

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability 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 Governmental Fund financial 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.

Postemployment Benefits

School 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 School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School 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 School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 12 for additional information.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1 Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 School District reports deferred charges on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows related to pensions and OPEB plans are described in Notes 11 and 12, respectively.

In addition to liabilities, the Statement of Net Position reports 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 will not be recognized as an inflow of resources (revenue) until that time. The School District reports unavailable revenues under the modified accrual basis of accounting in the Balance Sheet - Governmental Funds. In the Statement of Net Position, the School District reports deferred inflows related to pensions and OPEB plans which are further described in Notes 11 and 12, respectively.

Leases

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Unearned and Unavailable Revenues

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report unavailable revenues as a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

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

Overpayments and Collections in Advance

Overpayments and collections in advance arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability is removed, and revenues are recorded.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

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 of current financial resources. Claims and judgements, other postemployment benefits payable, and compensated absences that will be paid from governmental funds are reported as a liability in the fund's 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 School 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.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets:** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted:** Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted:** Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Fund balances are allocated into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the School District is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable:** Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted:** Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- **Committed:** Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

- **Assigned:** Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned:** Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures, or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within New York State. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Capital Reserve (Education Law §3651) - 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 (GML §6-m): 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 60 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. If the School 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.
- Mandatory Reserve for Debt Service (GML §6-l): Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations, which remain outstanding at the time of sale. The funding of the reserve is from proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for the payment of accrued employee benefits 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. This reserve is accounted for in the General Fund.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Retirement Contributions Reserve (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the General Fund.
- Liability Claims and Property Loss Reserve (Education Law §1709(8)(c)): Used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts with a population under 125,000. This reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2021 and became a lien on July 27, 2021. Taxes were collected during the period September 1 to November 1, 2021.

Uncollected real property taxes are subsequently enforced by the Counties of Broome and Chenango. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the counties to the School District no later than the following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 1* Summary of Significant Accounting Policies - Continued**

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported 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.

New Accounting Standards

The School District adopted and implemented the following current Statement of the GASB effective for the year ended June 30, 2022:

- GASB Statement No. 87, "Leases."

Future Changes in Accounting Standards

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending June 30, 2023.
- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2022, the School District's share of BOCES income amounted to \$1,991,833. The School District was billed \$5,303,436 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York, 13905.

***Note 3* Cash, Cash Equivalents and Investments - Custodial and Concentration of Credit Risks**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 3 Cash, Cash Equivalents and Investments - Custodial and Concentration of Credit Risks - Continued

The School District's aggregate bank balances, excluding investments, of \$31,662,338 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash and investments at June 30, 2022 consisted of the following:

General Fund Reserves	\$ 5,140,356
Unspent Debt Proceeds	18,231,762
Restricted for School Lunch	296,500
Restricted for Debt	1,648,545
Restricted for Scholarships	<u>142,076</u>
Total Governmental Activities	<u>\$ 25,459,239</u>

The School District has few investments (primarily United States Treasury obligations) and chooses to disclose its investments by specifically identifying each.

The School District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District reported Level 1 U.S. Treasury Bills at a fair value of \$2,490,968 and cost of \$2,490,205 within the General Fund.

Note 4 Due from State, Federal, and Other Governments

State and federal aid and due from other governments consisted of the following, which are stated at net realizable value.

<u>Description</u>	<u>Amount</u>
BOCES September Aid	\$ 895,194
Other	<u>75,417</u>
Total Due from Other Governments	<u>970,611</u>
Excess Cost Aid	515,864
General Aid	214,870
Special Aid	468,508
School Lunch	174,126
Miscellaneous	<u>135,849</u>
Total State and Federal Aid	<u>1,509,217</u>
Total	<u>\$ 2,479,828</u>

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 5* Interfund Balances and Activity**

Interfund balances at June 30, 2022 are as follows.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ 321,000	\$ 12,571	\$ 120,963
Capital Projects Fund - Renovations	320,866	-	1,600,000	-
Non-Major Governmental Funds	134	-	31,765	1,523,373
Total	<u>\$ 321,000</u>	<u>\$ 321,000</u>	<u>\$ 1,644,336</u>	<u>\$ 1,644,336</u>

Interfund receivables and payables, other than between Governmental Activities and Fiduciary Funds, are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School 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 School District transferred \$1,500,000 from the Special Aid Fund to the Capital Projects Fund - Renovations during the year ended June 30, 2022. The purpose of this transfer was to fund capital projects with grant funding to the extent approved by the agencies of the state and federal governments providing the funds.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

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.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital Assets that are Not Depreciated:				
Land	\$ 151,675	\$ -	\$ -	\$ 151,675
Construction in Progress	7,832,727	952,881	-	8,785,608
Total Nondepreciable Historical Cost	<u>7,984,402</u>	<u>952,881</u>	<u>-</u>	<u>8,937,283</u>
Capital Assets that are Depreciated:				
Buildings	71,319,401	-	-	71,319,401
Furniture and Equipment	9,086,605	521,963	(350,799)	9,257,769
Total Depreciable Historical Cost	<u>80,406,006</u>	<u>521,963</u>	<u>(350,799)</u>	<u>80,577,170</u>
Intangible Lease Assets:				
Equipment	<u>580,352</u>	<u>-</u>	<u>-</u>	<u>580,352</u>
Total Historical Cost	<u>88,970,760</u>	<u>1,474,844</u>	<u>(350,799)</u>	<u>90,094,805</u>
Less Accumulated Depreciation:				
Buildings	(29,812,775)	(1,582,484)	-	(31,395,259)
Furniture and Equipment	(5,693,131)	(550,821)	242,264	(6,001,688)
Total Accumulated Depreciation	<u>(35,505,906)</u>	<u>(2,133,305)</u>	<u>242,264</u>	<u>(37,396,947)</u>
Less Accumulated Amortization:				
Equipment	<u>(264,163)</u>	<u>(98,942)</u>	<u>-</u>	<u>(363,105)</u>
Total Historical Cost, Net	<u>\$ 53,200,691</u>	<u>\$ (757,403)</u>	<u>\$ (108,535)</u>	<u>\$ 52,334,753</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 222,787
Instruction	1,611,277
Pupil Transportation	370,209
School Lunch Program	<u>27,974</u>
Total	<u>\$ 2,232,247</u>

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 7 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs or TANs during the year.

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

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Transactions in short-term debt for the year are summarized below:

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Renewed or Redeemed	Ending Balance
2020 BAN - Construction	1.25%	8/5/2021	\$ 5,000,000	\$ -	\$ (5,000,000)	\$ -
2021 BAN - Buses	0.41%	6/8/2022	1,275,000	-	(1,275,000)	-
2021 BAN - Construction	1.25%	6/30/2022	-	12,000,000	(12,000,000)	-
2021 BAN - Construction	4.00%	6/29/2023	-	11,309,000	13,400,000	24,709,000
2021 BAN - Buses	3.00%	6/7/2023	-	1,271,000	-	1,271,000
Total			\$ 6,275,000	\$ 24,580,000	\$ (4,875,000)	\$ 25,980,000

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

Interest Paid	\$ 203,977
Less Interest Accrued in the Prior Year	(56,743)
Plus Interest Accrued in the Current Year	5,182
Less Premium on Obligations	(366,330)
Total	\$ (213,914)

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 8 Long-Term Debt

At June 30, 2022, the total outstanding indebtedness of the School District represented 77.1% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. Statutory installment bonds are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.
- Installment Purchase Debt: The School District leases equipment with intent to purchase. Accumulated depreciation and net book value of equipment under capital lease at June 30, 2022 were \$470,301 and \$3,230,431, respectively.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2022:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2022</u>
Serial Bonds:				
Refunding Bonds 2015	04/29/2015	06/15/2024	2.0% - 4.0%	\$ 1,485,000
DASNY Revenue Bonds 2019	06/17/2019	06/15/2033	3.0% - 5.0%	11,750,000
Total Bond Principal				<u>13,235,000</u>
Installment Purchase Debt	10/13/2015	09/15/2030	2.63%	2,455,000
Unamortized Premium				<u>1,847,299</u>
Total Bonds and Installment Purchase Debt Payable				<u>\$ 17,537,299</u>

Interest paid on long-term debt during the year was:

Interest Paid	\$ 695,372
Less Interest Accrued in the Prior Year	(48,280)
Plus Interest Accrued in the Current Year	44,548
Plus Amortization of Deferred Charges on Defeased Debt	44,194
Less Amortization of Premium on Obligations	<u>(190,374)</u>
Total	<u>\$ 545,460</u>

Interest paid on the serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 8 Long-Term Debt - Continued

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Serial Bonds	\$ 2,475,000	\$ -	\$ (990,000)	\$ 1,485,000	\$ 1,000,000
DASNY Revenue Bonds	12,565,000	-	(815,000)	11,750,000	850,000
Installment Purchase Debt	2,694,000	-	(239,000)	2,455,000	245,000
Subtotal	17,734,000	-	(2,044,000)	15,690,000	2,095,000
Premium on Obligations	2,037,673	-	(190,374)	1,847,299	190,374
Total	\$ 19,771,673	\$ -	\$ (2,234,374)	\$ 17,537,299	\$ 2,285,374

Deferred charges on defeased debt related to the 2011 and 2015 bond refundings are amortized over the life of the bonds. Activity for the year is summarized below.

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Deferred Charges on Defeased Debt	\$ (80,270)	\$ -	\$ 44,194	\$ (36,076)	\$ 26,939
Total	\$ (80,270)	\$ -	\$ 44,194	\$ (36,076)	\$ 26,939

The following is a summary of the maturity of long-term indebtedness:

Year	Principal	Interest	Total
2023	\$ 2,095,000	\$ 628,457	\$ 2,723,457
2024	1,632,000	559,422	2,191,422
2025	1,198,000	497,053	1,695,053
2026	1,255,000	443,175	1,698,175
2027	1,312,000	386,614	1,698,614
2028-2032	7,163,000	1,016,736	8,179,736
2033	1,035,000	51,750	1,086,750
Total	\$ 15,690,000	\$ 3,583,207	\$ 19,273,207

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 9 **Compensated Absences**

Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

Compensated absences balance and activity are summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	<u><u>\$609,608</u></u>	<u><u>\$331,324</u></u>	<u><u>\$ -</u></u>	<u><u>\$940,932</u></u>

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 10 **Lease Liabilities**

During the year ended June 30, 2022, the School District implemented GASB Statement No. 87, "Leases."

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any variable payments.

At June 30, 2022, the School District reported \$449,442, offset by accumulated amortization of \$288,371, in intangible lease assets that were not included in the lease liability below.

Lease liabilities as of June 30, 2022 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2022
Postage Machine	10/1/2019	9/1/2024	3.00%	\$ 7,363
Solar Liberty	10/1/2014	9/1/2029	3.00%	48,813
Total				<u><u>\$ 56,176</u></u>

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 10 Lease Liabilities - Continued

The following is a summary of the maturity of lease liabilities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,331	\$ 1,566	\$ 10,897
2024	9,612	1,283	10,895
2025	7,340	1,009	8,349
2026	6,695	805	7,500
2027	6,898	602	7,500
2028-2030	16,300	577	16,877
Total	\$ 56,176	\$ 5,842	\$ 62,018

Interest paid for the current year amounted to \$1,841.

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)

Plan Description and Benefits Provided

Teachers' Retirement System (TRS) (System)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law (RSSL) of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystsr.org.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Teachers' Retirement System (TRS) (System) - Continued

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the New York State Retirement and Social Security Law (RSSL), those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary.

Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Employees' Retirement System (ERS) (System)

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

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Employees' Retirement System (ERS) (the System) - Continued

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2022	\$ 268,645	\$ 962,318
2021	268,758	894,052
2020	264,711	1,066,526

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	04/01/2021	06/30/2020
Net Pension (Asset)/Liability	\$ (8,174,858,678)	\$ (17,329,041,946)
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	(476,863)	(10,314,823)
School District's Share of the Plan's Net Pension (Asset)/Liability	0.0058335%	0.059523%

For the year ended June 30, 2022, the School District recognized pension expense of \$26,718 for ERS and \$962,818 for TRS in the District-wide financial statements.

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 36,114	\$ 1,421,789	\$ 46,841	\$ 53,590
Changes of Assumptions	795,832	3,392,761	13,429	600,808
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	1,561,528	10,795,529
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	36,033	78,927	34,836	108,592
School District's Contributions Subsequent to the Measurement Date	51,032	1,030,774	-	-
Total	<u>\$ 919,011</u>	<u>\$ 5,924,251</u>	<u>\$ 1,656,634</u>	<u>\$ 11,558,519</u>

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

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

<u>Year Ending</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ (115,692)	\$(1,377,276)
2024	(177,403)	(1,587,564)
2025	(411,310)	(1,959,074)
2026	(84,250)	(2,584,137)
2027	-	497,986
Thereafter	-	345,023

Actuarial Assumptions

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
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.4%	1.3%
Inflation Rate	2.7%	2.4%

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

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

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

For ERS, the long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. For TRS, long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Asset Type		
Domestic Equity	3.30%	6.80%
International Equity	5.85%	7.60%
Global Equity	-	7.10%
Real Estate	5.00%	6.50%
Private Equity	6.50%	10.00%
Opportunistic/Absolute Return Strategy	4.10%	-
Real Assets	5.58%	-
Cash	(1.00)%	-
Credit	3.78%	-
Domestic Fixed Income	-	1.30%
Global Bonds	-	0.80%
Private Debt	-	5.90%
Real Estate Debt	-	3.30%
High-Yield Bonds	-	3.80%
Cash Equivalents	-	(0.20)%

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

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

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

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate, as well as what the School 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 or higher than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,227,441	\$ (476,863)	\$ (1,902,432)
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (1,082,390)	\$ (10,314,823)	\$ (18,074,012)

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective measurement dates were as follows.

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Employers' Total Pension Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	(232,049,473)	(148,148,457)
Employers' Net Pension (Asset)/Liability	\$ (8,174,585)	\$ (17,329,042)
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	103.7%	113.2%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$51,032.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$1,139,675.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ 5,820	\$ (482,683)	\$ (476,863)
Deferred Outflows of Resources	(1,269,505)	350,494	(919,011)
Deferred Inflows of Resources	1,740,665	(84,031)	1,656,634
Subtotal	<u>476,980</u>	<u>(216,220)</u>	<u>260,760</u>
TRS			
Net Pension (Asset)/Liability	1,649,344	(11,964,167)	(10,314,823)
Deferred Outflows of Resources	(5,661,692)	(262,559)	(5,924,251)
Deferred Inflows of Resources	1,000,699	10,557,820	11,558,519
Subtotal	<u>(3,011,649)</u>	<u>(1,668,906)</u>	<u>(4,680,555)</u>
Total	<u>\$ (2,534,669)</u>	<u>\$ (1,885,126)</u>	<u>\$ (4,419,795)</u>

Note 12 Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 12* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

General Information about the OPEB Plan - Continued

Employees Covered by Benefit Terms - At July 1, 2020, the following employees were covered by the benefit terms.

Active Employees	175
Retirees	234
Beneficiaries	12
Spouses of Retirees	<u>92</u>
Total	<u>513</u>

Total OPEB Liability

The School District's total OPEB liability of \$74,731,193 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Long-Term Bond Rate	3.54%
Single Discount Rate	3.54%
Salary Scale	2.6%
Dental / Medicare Trend	3.0%
Participation Rate	100%, 0% for those eligible but currently receiving a buyout or declining coverage under the plan.
Healthcare Cost Trend Rates	5.3% to 4.1% Over 55 Years

The long-term bond rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of the measurement date.

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2019 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement. Retirement rates are representative assumed rates for eligible employees. Both termination and retirements rates are based on the assumptions used in the June 30, 2019 Actuarial Valuation Report for the New York State Teachers' Retirement System and the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	<u>\$ 90,561,176</u>
Changes for the Year	
Service Cost	3,122,868
Interest Cost	1,992,086
Changes of benefit terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(18,013,621)
Benefit Payments	<u>(2,931,316)</u>
Net Change	<u>(15,829,983)</u>
Balance at June 30, 2022	<u><u>\$ 74,731,193</u></u>

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$ 87,194,690</u>	<u>\$ 74,731,193</u>	<u>\$ 64,772,813</u>

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

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

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

		Healthcare Cost Trend Rate	
	1% Decrease	(5.30% to 4.10%)	1% Increase
Total OPEB Liability	\$ 64,685,318	\$ 74,731,193	\$ 87,822,218

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$1,136,633.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 940,510	\$ 7,611,166
Changes in Assumptions or Other Inputs	10,117,263	18,610,827
Total	<u>\$ 11,057,773</u>	<u>\$ 26,221,993</u>

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

Fiscal Year Ending June 30,	Amount
2023	\$ (3,978,321)
2024	(2,309,729)
2025	(4,021,702)
2026	(3,834,827)
2027	(1,019,641)
Thereafter	-

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 90,561,176	\$ (15,829,983)	\$ 74,731,193
Deferred Outflows of Resources	(16,531,320)	5,473,547	(11,057,773)
Deferred Inflows of Resources	17,660,240	8,561,753	26,221,993
Total	\$ 91,690,096	\$ (1,794,683)	\$ 89,895,413

Note 13 Commitments and Contingencies

Risk Financing and Related Insurance

General Information

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

Separate from claims and lawsuits that arise in the ordinary course of business, a lawsuit has been initiated against the School District. The School District has established and funded a liability reserve to defray any potential financial effects of this matter. As of the report date of the financial statements, the School District's exposure to these claims has not been determined.

Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by the Broome-Tioga Health Insurance Consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program. Plan members include 15 school districts and one BOCES, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 13* Commitments and Contingencies - Continued**

Health Insurance - Continued

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2022, the School District incurred premiums or contribution expenditures totaling \$6,392,828.

Workers' Compensation

The School District incurs costs related to a workers' compensation insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Rd., Binghamton NY 13905.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2022, the School District incurred premiums or contribution expenditures of \$96,905.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 13 Commitments and Contingencies - Continued

Other Items

The School District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial. Also, certain revenue is not recognized in the Governmental Fund financial statements because it is received after the School District's availability period and is therefore accrued in the District-wide financial statements.

Note 14 Fund Balance Detail

At June 30, 2022, nonspendable, restricted, and assigned fund balances in the governmental funds were as follows.

	General Fund	Non-Major Governmental Funds
Nonspendable		
Inventory	\$ -	\$ 31,993
Total Nonspendable Fund Balance	\$ -	\$ 31,993
Restricted		
Reserve for ERS Contributions	\$ 1,559,742	\$ -
Reserve for TRS Contributions	806,136	-
Unemployment Insurance Reserve	175,021	-
Employee Benefit Accrued Liability Reserve	145,512	-
Liability Claims and Property Loss Reserve	1,000,373	-
Capital Reserve	1,453,572	-
Scholarships	-	142,076
School Lunch	-	456,465
Debt	-	1,648,545
Total Restricted Fund Balance	\$ 5,140,356	\$ 2,247,086
Assigned		
Appropriated for Next Year's Budget	\$ 500,000	\$ -
Encumbered for:		
General Support	11,751	-
Instruction	42,021	-
Pupil Transportation	7,759	-
Total Assigned Fund Balance	\$ 561,531	\$ -

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 15 Restricted Fund Balances

Portions of fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2022 of the General Fund reserves were as follows.

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Reserve for ERS Contributions	\$ 1,559,178	\$ -	\$ 564	\$ -	\$ 1,559,742
Reserve for TRS Contributions	603,857	202,060	219	-	806,136
Unemployment Insurance Reserve	174,958	-	63	-	175,021
Employee Benefit Accrued Liability Reserve	145,459	-	53	-	145,512
Liability Claims and Property Loss Reserve	1,000,011	-	362	-	1,000,373
Capital Reserve	463,404	990,000	168	-	1,453,572
Total	\$ 3,946,867	\$ 1,192,060	\$ 1,429	\$ -	\$ 5,140,356

Note 16 Stewardship, Compliance, and Accountability-Deficit Fund Balance and Net Position

Deficit Fund Balance

The Special Aid Fund has a deficit fund balance of \$1,415,675 at year end. This deficit will be eliminated as related revenues are recognized based on their recognition criteria.

At June 30, 2022, the Capital Projects Fund - Renovations and Capital Projects Fund - Buses had deficit fund balance of \$1,666,845 and \$817,555, respectively. These deficits will be eliminated as short-term debt is redeemed or converted to long-term bond financing or financing is secured for new projects.

Deficit Net Position

At June 30, 2022, the District-wide Statement of Net Position had a deficit net position of \$45,248,687. This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 12). The deficit is not expected to be eliminated during the normal course of operations.

Note 17 Restatement

During the year, the School District adopted GASB Statement No. 87. The School District's June 30, 2021 net position for governmental activities has been restated to reflect the following:

Net (Deficit) Beginning of Year	\$ (51,951,220)
GASB Statement No. 87 Implementation	<u>250,958</u>
Net (Deficit) Beginning of Year, as Restated	<u><u>\$ (51,700,262)</u></u>

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 12,469,363	\$ 10,489,412	\$ 10,491,451	\$ 2,039
Other Tax Items	19,000	1,998,951	1,997,568	(1,383)
Charges for Services	65,000	65,000	47,433	(17,567)
Use of Money and Property	202,135	202,135	204,317	2,182
Sale of Property and Compensation for Loss	-	35,031	44,008	8,977
Miscellaneous	582,200	583,425	739,160	155,735
Total Local Sources	<u>13,337,698</u>	<u>13,373,954</u>	<u>13,523,937</u>	<u>149,983</u>
State Sources	20,809,524	20,809,524	20,845,339	35,815
Federal Sources	391,827	391,827	549,978	158,151
Total Revenues	<u>34,539,049</u>	<u>34,575,305</u>	<u>\$ 34,919,254</u>	<u>\$ 343,949</u>
OTHER FINANCING SOURCES				
Operating Transfers In	-	-	12,571	12,571
Total Revenues and Other Financing Sources	<u>34,539,049</u>	<u>34,575,305</u>	<u>\$ 34,931,825</u>	<u>\$ 356,520</u>
Appropriated Fund Balance	500,000	500,000		
Appropriated Reserves	215,269	215,269		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	<u>172,310</u>	<u>172,310</u>		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 35,426,628</u>	<u>\$ 35,462,884</u>		

See Notes to Required Supplementary Information

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 26,288	\$ 47,662	\$ 47,151	\$ 100	\$ 411
Central Administration	221,714	203,502	202,975	36	491
Finance	554,896	551,334	549,704	850	780
Staff	155,787	193,982	191,968	1,617	397
Central Services	1,901,705	2,018,241	1,871,098	9,148	137,995
Special Items	339,187	338,458	336,915	-	1,543
Total General Support	3,199,577	3,353,179	3,199,811	11,751	141,617
Instruction					
Instruction, Administration, and Improvement	804,960	920,147	896,319	-	23,828
Teaching - Regular School	7,788,876	7,786,865	7,625,453	7,149	154,263
Programs for Students with Disabilities	4,377,383	4,076,306	3,590,658	11,125	474,523
Occupational Education	702,571	749,692	749,692	-	-
Teaching - Special School	5,000	7,375	7,375	-	-
Instructional Media	1,549,276	1,562,934	1,555,343	754	6,837
Pupil Services	1,747,017	1,774,127	1,668,520	22,993	82,614
Total Instruction	16,975,083	16,877,446	16,093,360	42,021	742,065
Pupil Transportation	2,196,577	2,182,187	2,065,585	7,759	108,843
Employee Benefits	8,902,643	8,828,428	8,340,503	-	487,925
Debt Service					
Principal	2,883,000	3,213,055	3,213,055	-	-
Interest	1,126,248	878,089	792,590	-	85,499
Total Debt Service	4,009,248	4,091,144	4,005,645	-	85,499
Total Expenditures	35,283,128	35,332,384	33,704,904	61,531	1,565,949
OTHER FINANCING USES					
Operating Transfers Out	143,500	130,500	120,963	-	9,537
Total Expenditures and Other Financing Uses	\$35,426,628	\$35,462,884	33,825,867	\$ 61,531	\$ 1,575,486
Net Change in Fund Balance			1,105,958		
Fund Balance - Beginning of Year			5,958,136		
Fund Balance - End of Year			\$7,064,094		

See Notes to Required Supplementary Information

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 268,645	\$ 268,758	\$ 264,711	\$ 277,645	\$ 264,419	\$ 276,086	\$ 230,301	\$ 276,431	\$ 439,333	\$ 392,143
Contributions in Relation to the Contractually Required Contribution	(268,645)	(268,758)	(264,711)	(277,645)	(264,419)	(276,086)	(230,301)	(276,431)	(439,333)	(392,143)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ending June 30,	1,886,918	2,078,268	2,044,081	2,047,101	1,937,275	1,968,662	1,715,938	1,971,884	2,199,348	2,241,028
Contributions as a Percentage of Covered Payroll	14.2%	12.9%	13.0%	13.6%	13.6%	14.0%	13.4%	14.0%	20.0%	17.5%

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$1,030,774	\$ 962,318	\$ 894,052	\$1,066,526	\$ 989,475	\$1,155,495	\$1,205,755	\$1,475,987	\$1,322,333	\$ 980,774
Contributions in Relation to the Contractually Required Contribution	(1,030,774)	(962,318)	(894,052)	(1,066,526)	(989,475)	(1,155,495)	(1,205,755)	(1,475,987)	(1,322,333)	(980,774)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ending June 30,	10,518,102	10,097,775	10,090,880	10,033,170	10,096,684	9,859,172	9,093,175	8,419,778	8,137,434	8,283,564
Contributions as a Percentage of Covered Payroll	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.2%	11.8%

See Notes to Required Supplementary Information

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0058335%	0.0058444%	0.0063457%	0.0063131%	0.0063218%	0.0066287%	0.0062215%	0.0071824%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (476,863)	\$ 5,820	\$ 1,680,377	\$ 447,300	\$ 204,032	\$ 622,851	\$ 998,564	\$ 242,638
School District's Covered Payroll During the Measurement Period	1,861,460	2,052,061	2,014,391	2,025,868	1,904,459	1,934,558	1,677,181	1,948,834
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	25.62%	0.3%	83.4%	22.1%	10.7%	32.2%	59.5%	12.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.059523%	0.059688%	0.060581%	0.061379%	0.061428%	0.058166%	0.055060%	0.054512%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$(10,314,823)	\$ 1,649,344	\$(1,573,903)	\$(1,109,892)	\$ (466,915)	\$ 622,979	\$(5,718,991)	\$(6,072,270)
School District's Covered Payroll During the Measurement Period	10,097,775	10,090,880	10,096,684	10,096,684	9,859,172	9,093,175	8,419,778	8,137,434
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	102.15%	16.3%	15.6%	11.0%	4.7%	6.9%	67.9%	74.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Cost	\$ 3,122,868	\$ 2,783,608	\$ 2,187,056	\$ 3,071,534	\$ 2,901,098	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	1,992,086	2,066,286	2,678,746	2,727,604	2,630,673	*	*	*	*	*
Changes of Benefit Terms	-	-	-	-	-	*	*	*	*	*
Differences Between Expected and Actual Experience	-	(11,725,310)	-	3,618,937	758,531	*	*	*	*	*
Changes in Assumptions or Other Inputs	(18,013,621)	8,174,749	14,432,542	(19,980,002)	-	*	*	*	*	*
Benefit Payments	(2,931,316)	(2,887,543)	(2,969,466)	(2,910,808)	(3,543,882)	*	*	*	*	*
	(15,829,983)	(1,588,210)	16,328,878	(13,472,735)	2,746,420	*	*	*	*	*
Total OPEB Liability - Beginning	90,561,176	92,149,386	75,820,508	89,293,243	86,546,823	*	*	*	*	*
Total OPEB Liability - Ending	\$74,731,193	\$90,561,176	\$ 92,149,386	\$75,820,508	\$89,293,243	\$86,546,823	\$ *	\$ *	\$ *	\$ *
Covered Employee Payroll	\$11,897,605	\$11,897,605	\$ 9,716,296	\$ 9,716,296	\$11,995,168	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	628%	761%	948%	780%	744%	*	*	*	*	*
Discount Rate	3.54%	2.16%	2.21%	3.50%	3.00%	*	*	*	*	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Note 1 Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 35,254,318
Carryover Encumbrances	<u>172,310</u>
Original Budget	35,426,628
Gifts and Donations	1,225
Insurance Proceeds	<u>35,031</u>
Final Budget	<u>\$ 35,462,884</u>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch, and Miscellaneous Special Revenue). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

Note 2 Reconciliation of the General Fund Budget Basis to U.S. GAAP

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2022.

Note 3 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

Changes in Demographics

From July 1, 2018 to July 1, 2020, overall membership decreased from 565 to 513. The number of active members decreased from 217 to 175, and the number of inactive members decreased from 348 to 338. The average age of active members decreased slightly from 45.4 to 45.1, and the average age of retired members decreased from 73.9 to 73.0.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

**Note 3 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
- Continued**

Changes of Assumptions

The actuarial valuation reflects the adoption of the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table) with generational projection of future improvements per the MP-2019 Ultimate Scale. Additionally, retirement and turnover rates were updated to reflect the assumptions used in the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System. The valuation of future implementation of the excise tax on medical benefits is no longer used, as it has been officially repealed as of December 31, 2019. The combined impact of these assumption changes was an increase in the accrued liability of \$2.5 million (3.8%).

Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of the projections, the decision has been made to not make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

The discount rate has been changed to 3.54% (from 2.16%) since this is the discount rate that will be used to measure the total OPEB liability for the purposes of GASB Statement No. 75.

**Note 4 Schedules of the School District's Proportionate Share of the Net Pension
(Asset)/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.

**Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and
Schedules of the School District's Proportionate Share of the Net Pension
(Asset)/Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2021 actuarial valuation.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability

NYSLRS - Continued

Changes of Assumptions - Continued

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.5% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.
Active Member Decrement	Based upon FY 2016-2020 experience.
Pensioner Mortality	Gender/Collar specific tables based upon FY2016-2022 experience.
Mortality Improvement	Society of Actuaries' Scale MP-2019.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSTRS

Changes in Benefit Terms

None.

Changes of Assumptions

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability. Current proposed assumptions are used in the 2021 determinations of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 6.95%, effective with the 2021 actuarial valuation. For the 2020 and 2019 actuarial valuations, the System's long-term rate of return assumption was 7.10%. For the 2018 and 2017 actuarial valuation, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.50%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.40% for 2021 and 2.20% for 2019 and 2020. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.50% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2021 actuarial valuation, the assumed scale for mortality improvement was changed from MP2019 to MP2020. Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement was changed from MP2018 to MP2019. Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement was changed from MP-2014 to MP-2018.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSTRS - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine school districts' contributions in 2021. For assumptions and plan provisions used in contributions reported for years prior to 2021, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset Valuation Method	Five-year phased-in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after five years.
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Inflation	2.20%
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Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.10% compounded annually, net of investment expenses, including inflation.
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Cost of Living Adjustments	1.3% compounded annually.
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CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 35,254,318
Prior Year's Encumbrances	<u>172,310</u>
Original Budget	<u>35,426,628</u>
Gifts and Donations	1,225
Insurance Proceeds	<u>35,031</u>
Total Additions	<u>36,256</u>
Final Budget	<u><u>\$ 35,462,884</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u><u>\$ 35,707,383</u></u>	
Maximum Allowed (4% of the 2022-2023 Budget)		\$ 1,428,295
General Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 561,531	
Unassigned Fund Balance	<u>1,362,207</u>	
Total Unrestricted Fund Balance	<u><u>1,923,738</u></u>	
Less:		
Appropriated Fund Balance	\$ 500,000	
Encumbrances Included in Committed and Assigned Fund Balance	<u>61,531</u>	
Total Adjustments	<u><u>561,531</u></u>	
General Fund Balance Subject to §1318 of Real Property Tax Law		<u><u>\$ 1,362,207</u></u>
Actual Percentage		3.81%

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2022

PROJECT TITLE	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance (Deficit) June 30, 2022
			Prior Years	Current Year	Transfer to Debt Service	Total			State Aid	Local Sources	Total	
Buses 2021-2022	476,502	797,673	12,326	333,427	10,802	356,555	441,118	465,000	-	345,000	810,000	453,445
District-wide 7999	4,092,000	1,632,716	1,632,716	-	-	1,632,716	-	111,236	1,521,480	-	1,632,716	- *
Middle School 0002014	630,000	2,946,076	2,375,560	-	-	2,375,560	570,516	9,979,742	-	525,000	10,504,742	8,129,182 *
Middle School 0002015	2,864,250	-	40,036	(40,036)	-	-	-	-	-	-	-	- *
Middle School 0002016	140,267	140,267	135,446	-	-	135,446	4,821	-	135,446	-	135,446	- *
Elementary School 0003016	1,081,200	570,220	342,216	-	-	342,216	228,004	1,225,345	-	525,000	1,750,345	1,408,129 *
Elementary School 0003017	214,533	-	49,746	(49,746)	-	-	-	-	-	-	-	- *
Elementary School 0003019	100,000	100,000	95,807	-	-	95,807	-	-	-	95,807	95,807	- *
High School 0004025	23,774,550	18,253,710	2,130,224	-	-	2,130,224	16,123,486	7,365,229	-	525,000	7,890,229	5,760,005 *
High School 0004026	6,260,235	-	1,226,899	(1,226,899)	-	-	-	-	-	-	-	- *
High School 0004027	-	22,008,101	-	2,085,236	-	2,085,236	19,922,865	6,594,682	-	1,819,718	8,414,400	6,329,164 *
ARP 0004-028	1,500,000	1,500,000	-	84,325	-	84,325	1,415,675	-	-	1,500,000	1,500,000	1,415,675 *
Chenango Forks 0003020	100,000	100,000	-	100,000	-	100,000	-	-	-	100,000	100,000	-
Subtotal	41,233,537	48,048,763	8,040,976	1,286,307	10,802	9,338,085	38,706,485	25,741,234	1,656,926	5,435,525	32,833,685	23,495,600
Unredeemed BANs - Buses	-	-	-	-	-	-	-	(1,271,000)	-	-	(1,271,000)	(1,271,000)
Unredeemed BANs -	-	-	-	-	-	-	-	(24,709,000)	-	-	(24,709,000)	(24,709,000)
Total	\$41,233,537	\$48,048,763	\$8,040,976	\$1,286,307	\$ 10,802	\$9,338,085	\$38,706,485	\$ (238,766)	\$1,656,926	\$5,435,525	\$ 6,853,685	\$ (2,484,400)

*Architectural and state approved budget modifications for subproject reallocations not yet finalized and unavailable at this report date.

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS

JUNE 30, 2022

Capital Assets, Net	\$ 52,334,753
Add:	
Amounts Deferred on Refunding	<u>36,076</u>
Deduct:	
Bond Anticipation Notes	<u>(25,980,000)</u>
Lease Liabilities	<u>(56,176)</u>
Premium on Bonds	<u>(1,847,299)</u>
Short-Term Portion of Installment Purchase Debt	<u>(245,000)</u>
Long-Term Portion of Installment Purchase Debt	<u>(2,210,000)</u>
Short-Term Portion of Bonds Payable, Before Deferred Amounts	<u>(1,850,000)</u>
Long-Term Portion of Bonds Payable, Before Deferred Amounts	<u>(11,385,000)</u>
Less: Unspent Bond Proceeds	<u>18,231,762</u>
Net Investment in Capital Assets	<u>\$ 27,029,116</u>

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Special Revenue Funds			Capital	Debt	Total
	Special	School	Miscellaneous	Projects Fund -	Service	Non-Major
	Aid	Lunch	Special Revenue	Fund -	Fund	Governmental
	Fund	Fund	Fund	Buses	Fund	Funds
ASSETS						
Cash and Cash Equivalents - Unrestricted	\$ 332,214	\$ -	\$ -	\$ 453,445	\$ -	\$ 785,659
Cash and Cash Equivalents - Restricted	-	296,500	142,076	-	1,648,411	2,086,987
Due from Other Funds	-	-	-	-	134	134
Due from State and Federal Governments	441,502	174,126	-	-	-	615,628
Other Receivables	-	932	-	-	-	932
Inventories	-	31,993	-	-	-	31,993
Total Assets	773,716	503,551	142,076	453,445	1,648,545	3,521,333
LIABILITIES						
Accounts Payable	994	6,489	-	-	-	7,483
Accrued Liabilities	1,236	-	-	-	-	1,236
Due to Other Governments	-	303	-	-	-	303
Bond Anticipation Notes Payable	-	-	-	1,271,000	-	1,271,000
Unearned Revenues	2,187,161	8,301	-	-	-	2,195,462
Total Liabilities	2,189,391	15,093	-	1,271,000	-	3,475,484
FUND BALANCES						
Nonspendable	-	31,993	-	-	-	31,993
Restricted	-	456,465	142,076	-	1,648,545	2,247,086
Unassigned	(1,415,675)	-	-	(817,555)	-	(2,233,230)
Total Fund Balances	(1,415,675)	488,458	142,076	(817,555)	1,648,545	45,849
Total Liabilities and Fund Balances	\$ 773,716	\$ 503,551	\$ 142,076	\$ 453,445	\$ 1,648,545	\$ 3,521,333

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Capital Projects Fund - Buses	Debt Service Fund	
REVENUES						
Use of Money and Property	\$ -	\$ 43	\$ 24	\$ -	\$ 1,776	\$ 1,843
Other Revenue	18,063	-	7,108	-	-	25,171
State Sources	224,509	113,829	-	-	-	338,338
Federal Sources	1,786,125	809,235	-	-	-	2,595,360
Sales - School Lunch	-	71,213	-	-	-	71,213
Total Revenues	2,028,697	994,320	7,132	-	1,776	3,031,925
EXPENDITURES						
Instruction	1,506,777	381,615	13,510	-	-	1,901,902
Pupil Transportation	99,113	-	-	-	-	99,113
Employee Benefits	346,874	94,618	-	-	-	441,492
Debt Service:						
Interest	-	-	-	-	108,600	108,600
Cost of Sales	-	320,663	-	-	-	320,663
Capital Outlay	-	-	-	333,426	-	333,426
Total Expenditures	1,952,764	796,896	13,510	333,426	108,600	3,205,196
Excess (Deficiency) of Revenues Over Expenditures	75,933	197,424	(6,378)	(333,426)	(106,824)	(173,271)
OTHER FINANCING SOURCES AND (USES)						
Redeemed from Appropriations	-	-	-	469,000	-	469,000
Premium on Obligations	-	-	-	-	366,330	366,330
Operating Transfers In	20,963	-	-	-	10,802	31,765
Operating Transfers (Out)	(1,512,571)	-	-	(10,802)	-	(1,523,373)
Total Other Financing Sources and (Uses)	(1,491,608)	-	-	458,198	377,132	(656,278)
Net Change in Fund Balances	(1,415,675)	197,424	(6,378)	124,772	270,308	(829,549)
Fund Balances (Deficit) - Beginning of Year	-	291,034	148,454	(942,327)	1,378,237	875,398
Fund Balances (Deficit) - End of Year	<u><u>\$(1,415,675)</u></u>	<u><u>\$ 488,458</u></u>	<u><u>\$ 142,076</u></u>	<u><u>\$ (817,555)</u></u>	<u><u>\$ 1,648,545</u></u>	<u><u>\$ 45,849</u></u>



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

Board of Education
Chenango Forks Central School District
Binghamton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the Chenango Forks Central School District (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 7, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

INSERO & Co. CPAs, LLP

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Inero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 7, 2022



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

Board of Education
Chenango Forks Central School District
Binghamton, New York

Report on Compliance for Each Major Federal Program

We have audited Chenango Forks Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District, complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the 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 the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School Districts' response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Districts' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 7, 2022

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

Federal Grantor/Pass - Through Grantor Program Title	Federal ALN #	Pass - Through Grantor #	Expenditures to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021220145	\$ -	\$ 347,144
Title III Strengthening Institutions	84.031	0293210145		410
Special Education Cluster:				
Special Education - Grants to States	84.027	0032220048	-	367,695
(COVID-19) Special Education - Grants to States	84.027X	5532220048	-	6,599
Special Education - Preschool Grants	84.173	0033220048	-	18,501
(COVID-19) Special Education - Preschool Grants	84.173X	5533220048	-	6,863
Total Special Education Cluster		Subtotal	-	399,658
Supporting Effective Instruction State Grants	84.367	0147220145	-	63,364
Supporting Effective Instruction State Grants	84.367	0147210145	-	24,371
		Subtotal	-	87,735
Title IV Student Support and Academic Enrichment Program				
Enrichment Program	84.424A	0204220145	-	24,228
Education Stabilization Fund:				
(COVID-19) Governor's Emergency Education Relief Fund	84.425C	5895210145	-	51,720
(COVID-19) Governor's Emergency Education Relief Fund	84.425C	5896210145	-	27,886
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5890210145	-	305,253
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5891210145	-	148,864
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5880210145	-	547,024
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5882210145	-	4,181
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5883210145	-	136
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5884210145	-	198,859
		Subtotal	-	1,283,923
Total U.S. Department of Education			-	2,143,098
U.S. Department of Homeland Security				
Passed Through the NYS Department of Homeland Security and Emergency Services:				
(COVID-19) Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4480-DR-NY	-	136,992
Total U.S. Department of Homeland Security			-	136,992
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch	10.555	(1)	-	157,710
School Breakfast Program	10.553	(1)	-	622,420
Summer Food Service Program	10.559	(1)	-	29,105
Total Child Nutrition Cluster		Subtotal	-	809,235
Total U.S. Department of Agriculture			-	809,235
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 3,089,325</u>
(1) Unknown				

See Notes to Schedule of Expenditures of Federal Awards

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

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

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has not elected to use the 10% de minimus cost rate.

Note 4 **Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2022, the School District received \$22,514 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **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 School District's casualty insurance policies.

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

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? 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 deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance §200.516(a)? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Fund</u>

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

Auditee qualified as low risk? yes X no

CHENANGO FORKS CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section II Financial Statement Finding

None reported.

Section III Federal Award Findings and Questioned Costs

10.553, 10.555, 10.559 - Child Nutrition Cluster

2022-001 Net Cash Resources

Condition:

At June 30, 2022, net cash resources in the School Lunch Fund exceeded the allowable limit by \$217,396.

Criteria:

The school food authority shall limit its net cash resources to an amount that does not exceed three months' average expenditures for its School Lunch Fund or such other amount as may be approved by the New York State agency in accordance with 7 CFR §210.19(a).

Cause:

Revenues exceeded expenditures by \$197,424 in the School Lunch Fund for the year ended June 30, 2022, and no interfund transfer from the General Fund was needed. Expenditures in the School Lunch Fund were 32% higher in the 2021-2022 fiscal year due to COVID-19. As a result, the base used to calculate the allowable limit was considerably increased. Also contributing to the excess cash resources was an excess of revenues over expenditures.

Effect:

The School District is not in compliance with 7 CFR §210.19(a).

Repeat Finding:

The finding is a repeat of finding 2021-001 from the prior year.

Recommendation:

We recommend the School District review its net cash resources in the School Lunch Fund and develop a plan to reduce them to an allowable amount.

Management Response:

The School District agrees with condition, cause, and recommendation.

FORM OF BOND COUNSEL'S OPINION

June 28, 2023

Chenango Forks Central School District
 Broome and Chenango Counties
 State of New York

Re: Chenango Forks Central School District, Broome and Chenango Counties, New York
 \$24,545,000 Bond Anticipation Notes, 2023 (Renewals) Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$24,545,000 Bond Anticipation Notes, 2023 (Renewals) Series B (the "Obligation"), of the Chenango Forks Central School District, Broome and Chenango Counties, New York (the "Obligor"), dated June 28, 2023, numbered 1, of the denomination of \$24,545,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing June 28, 2024

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations. Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP