

***PINE VALLEY CENTRAL
SCHOOL DISTRICT
AUDIT REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022***

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2022 REPORTING PACKAGE

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**PINE VALLEY CENTRAL
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

PINE VALLEY CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Pine Valley Central School District
South Dayton, New York**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 7 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the *Pine Valley Central School District's* June 30, 2021 financial statements, and our report dated October 14, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 *Pine Valley Central School District's* ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10) and budgetary comparison information (pages 36-37) schedule of changes in District's net OPEB liability and related ratios (page 43), schedule of District contributions – OPEB (page 44), schedule of the District contributions for defined benefit pension plans (page 45) and the schedule of the District's proportionate share of the net pension asset/liability (page 46) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Pine Valley Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, 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 13, 2022, on our consideration of the ***Pine Valley Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Pine Valley Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Pine Valley Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
October 13, 2022**

I. Discussion and Analysis

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

II. Financial Highlights

The following items are the financial highlights experienced by the *Pine Valley Central School District* during the fiscal year ended June 30, 2022:

- Overall net position of the District increased during the current year from operations in the amount of \$2,868,000 as compared to an increase of \$2,568,000 during the prior fiscal year.
- The District's total revenue increased 3% from \$17,881,000 for the year ended June 30, 2021 to \$18,384,000 for the year ended June 30, 2022 primarily due to an increase in Pandemic related Federal grants.
- The District's total expenses increased approximately 1% from \$15,313,000 during the year ended June 30, 2021 to \$15,516,000 during the year ended June 30, 2022. This increase was primarily the result an increase in instructional related expenses offset by a decrease in pension expense related to actuarial updates.
- The District's had capital outlays during the current year in the amount of \$6,569,251 which primarily related to the capital reconstruction project, a capital outlay project and vehicle and equipment (including right-to-use assets) purchases.

III. Overview of the Financial Statements

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

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 11) shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 12) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements): (continued)

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

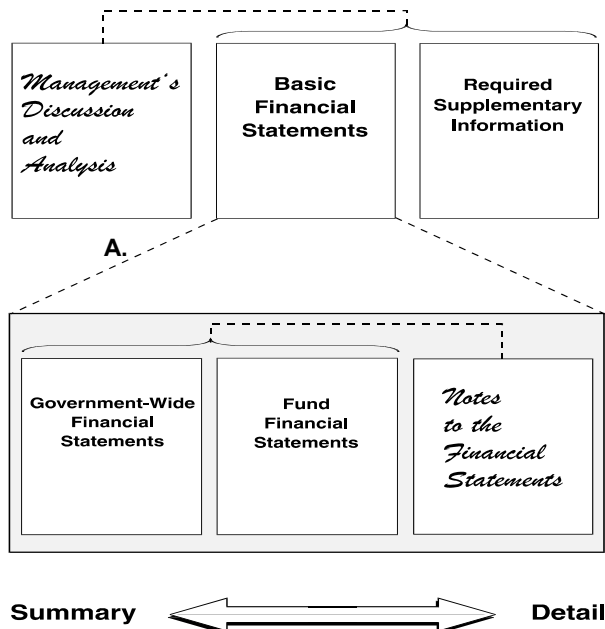
2. Fiduciary Funds

As discussed in Note 1, the District implemented GASB 84, fiduciary activities and as a result do not have activities that qualify for reporting as a fiduciary under this new standard.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources /liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital or right-to-use assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital or right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$28,764,000. The components of net position include: net investment in capital and right-to-use assets, of \$21,452,000; restricted net position of \$3,884,000 and unrestricted net position of \$3,428,000.

Changes in Net Position

The District's total government-wide revenue increased by approximately 3% to \$18,384,000. Approximately 19%, 10% and 67% of total revenue is derived from the property taxes, operating grants, and state aid, respectively. The remaining 4% comes from federal aid, use of money and property, miscellaneous and charges for services.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 1% to \$15,516,000. The District's expenses cover a range of services, with 74% related to instruction and 13% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 3%, while total expenses increased 1%. The District's total net position increased approximately \$2,868,000 during the fiscal year ended June 30, 2022.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$18,384,000 for the fiscal year ended June 30, 2022. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 19% of the District's total revenue for governmental activities increased 1% during the year ended June 30, 2022.
- The District's state sources which represent \$12,172,000 or 67% of total governmental revenue. The District's state sources decreased approximately 3% during the current year. The District received a decrease in Boces and excess cost aid during the current year.
- During the year ended June 30, 2022, the District saw an increase in program revenue, which resulted from an increase in charges for services of \$140,000 and an increase in operating grants and contributions of \$763,000. The increase in operating grants and contributions is primarily related to an increase in Pandemic related Federal grants and an increase in Federal reimbursement resulting from additional meals served in the current year.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service costs and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$15,516,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support costs decreased by approximately \$406,000 or 16%. This decrease was primarily the result of a decrease in pension expense related to actuarial updates.
- The District's instruction costs increased by approximately \$521,000 or 5% which was primarily the result of an increase in salaries, depreciation, contractual, and Boces expenses which was offset by a decrease in pension expense related to actuarial updates.
- Debt service costs increased \$125,000 during the current year. This increase was the result of more interest expense in the current year.
- Transportation costs of the District decreased \$202,000 or 12% during the year ended June 30, 2022 primarily the result of a decrease in pension expense related to actuarial updates.
- The District's cost of sales (food service fund) totaled \$438,000 during the current year as compared to \$299,000 during the fiscal year ended June 30, 2021. This increase was the result of more meals served during the current year.
- The District received approximately \$2,073,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$13.4 million) were financed by real property taxes and state aid.

IV. Financial Analysis of the School District as a Whole (continued)

Figure A-3 – Condensed Statement of Net Position

<i>Pine Valley Central School District</i> Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
Assets			
Current and other assets	\$ 16,476	\$ 16,067	3%
Capital and right-to-use assets	35,742	30,558	17%
Total assets	52,218	46,625	12%
Deferred outflows of resources	4,121	4,917	-16%
Total assets and deferred outflows	\$ 56,339	\$ 51,542	9%
Liabilities			
Other liabilities	\$ 9,137	\$ 9,072	1%
Long-term liabilities	11,457	13,575	-16%
Total liabilities	20,594	22,647	-9%
Deferred inflows of resources	6,981	3,274	113%
Net position			
Net investment in capital and right-to-use assets	21,452	20,749	3%
Restricted	3,884	3,808	2%
Unrestricted	3,428	1,064	222%
Total net position	28,764	25,621	12%
Total liabilities, deferred inflows and net position	\$ 56,339	\$ 51,542	9%

Figure A-4 – Changes in Net Position

<i>Pine Valley Central School District</i> Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
Revenue			
Program revenue			
Charges for services	\$ 261	\$ 121	116%
Operating grants and contributions	1,812	1,049	73%
General revenue			
Real property taxes	3,575	3,546	1%
Use of money & property	10	11	-9%
Sale of property & comp for loss	32	88	-64%
State sources	12,172	12,503	-3%
Federal sources	146	334	-56%
Miscellaneous	376	229	64%
Total revenue	18,384	17,881	3%
Expenses			
General support	2,085	2,491	-16%
Instruction	11,262	10,741	5%
Transportation	1,478	1,680	-12%
Community services	27	1	2600%
Debt service - interest	226	101	124%
Food service program	438	299	46%
Total expenses	15,516	15,313	1%
Change in net position	\$ 2,868	\$ 2,568	

Figure A-5 – Sources of revenue

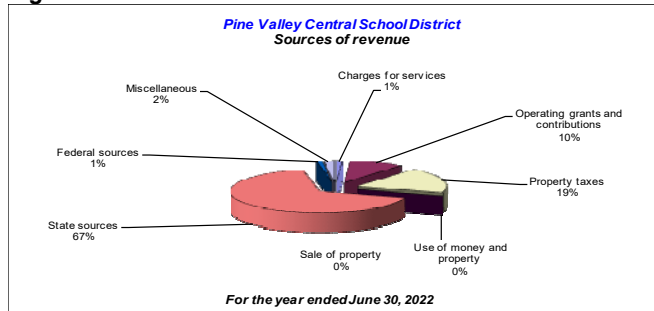


Figure A-6 - Expenses

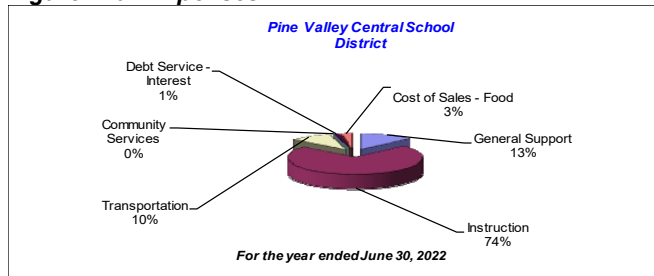


Figure A-7 – Expenditures Supported with Program Revenue

Pine Valley Central School District Expenditures supported with program revenue (in thousands of dollars)				
	Governmental Activities & Total District			
	2022	2021		
Expenditures supported with general revenue (from taxes & other sources)	\$ 13,443	87%	\$ 14,143	92%
Expenditures supported with program revenue	2,073	13%	1,170	8%
Total expenditures related to governmental activities	\$ 15,516	100%	\$ 15,313	100%

Figure A-8 – Net Cost of Governmental Activities

Pine Valley Central School District Net Cost of Governmental Activities (in thousands of dollars)						
	Total cost of services			Net cost of services		
	2022	2021	Change	2022	2021	Change
General support	\$ 2,085	\$ 2,491	\$ (406)	\$ 2,085	\$ 2,491	\$ (406)
Instruction	11,262	10,741	521	9,653	9,900	(247)
Transportation	1,478	1,680	(202)	1,462	1,669	(207)
Community Services	27	1	26	27	1	26
Debt service - interest	226	101	125	226	101	125
Cost of sales - food	438	299	139	(10)	(19)	9
Total	\$ 15,516	\$ 15,313	\$ 203	\$ 13,443	\$ 14,143	\$ (700)

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenues and other sources exceed its expenditures and other uses by approximately \$1,258,000.
- The District's general fund unassigned fund balance equated to approximately \$4,620,000 as of June 30, 2022.
- The District had many fund balance reserves during the year ended June 30, 2022, and had a total restricted fund balance of approximately \$3,211,000.
- The District's total assets increased approximately \$2,585,000 as of June 30, 2022 due to an increase in cash. The District's liabilities increased approximately \$1,326,000 as a result of an increase in due to other funds.
- Total revenue in the District's general fund decreased \$372,000 which was primarily related to a decrease in state aid. Total expenditures in the District's general fund increased \$246,000 resulting from an increase instructional and transportation costs.

Food Service Fund

- The District's food service fund experienced a \$10,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$448,000 during 2022 as compared with \$328,000 in 2021. Expenditures were \$438,000 during 2022 as compared with \$299,000 in 2021. These increases were the result of an increase in meals served.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$664,000 or 89% in the current year primarily related to Pandemic related Federal grants.

**PINE VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Page 9

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,426,000 below the revised budget. The most significant positive variances were in the areas of instruction and employee benefits which totaled \$709,000 and \$ 338,000 respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$374,000 above the final budgeted amount. Significant variances being local sources which were \$ 65,000 above and state sources which were \$143,000 above, that budgeted.

Figure A-9 – Budget vs. Actual Comparison

Pine Valley Central School District

General Fund - Budget vs Actual Comparison (in thousands of dollars)

	Revised Budget	Actual	Difference
Revenue			
Local sources	\$ 3,912	\$ 3,977	\$ 65
State sources	12,029	12,172	143
Federal sources	50	146	96
Operating transfers	-	70	70
Total revenue	\$ 15,991	\$ 16,365	\$ 374
Expenditures			
General support	\$ 1,763	\$ 1,641	\$ 122
Instruction	8,098	7,389	709
Transportation	1,330	1,127	203
Employee benefits	2,955	2,617	338
Debt service	2,189	2,189	-
Community services	56	27	29
Interfund transfers	142	117	25
Total expenditures	\$ 16,533	\$ 15,107	\$ 1,426

VII. Capital and Right-to-use Assets and Debt Administration

Capital and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2022, the District had invested approximately \$35,742,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2022, totaled approximately \$6,569,000 and consisted primarily of the purchase of new vehicles and capital improvements related to the District's capital projects as well as equipment including right-to-use equipment. More detailed information about the District's capital and right-to-use assets is presented in the notes of the financial statements.

VII. Capital and Right-to-Use Assets and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-11, as of June 30, 2022, the District had approximately \$11,457,000 in bonds, net pension liabilities, compensated absences, lease liabilities and post-employment benefits, a decrease of approximately 16% as compared with the previous year. The decrease in bonds payable was the result of current year principal payments. The increase in other post-employment benefits was a result of an actuarial update. The net pension liability related to the New York State ERS system and New York State TRS system changed from a net pension liability to a net pension asset in the current year.

Figure A-10 – Capital Assets

<i>Pine Valley Central School District</i>				
<i>Capital and Right-to-use Assets (net of depreciation)</i>				
	Governmental Activities & Total District-wide			
	2022	2021	Change	
Land	\$ 17,550	\$ 17,550	0%	
Construction-in-progress	8,645,337	2,352,927	267%	
Building and improvements	39,362,889	39,362,889	0%	
Furniture, equipment & vehicles	5,643,967	5,400,590	5%	
Right-to-use assets	500,423	-	100%	
Accumulated depreciation/amortization	(18,427,959)	(16,576,139)	11%	
Total Capital Assets, net	\$ 35,742,207	\$ 30,557,817	17%	

Figure A-11 – Outstanding Long-term Debt

<i>Pine Valley Central School District</i>				
<i>Outstanding Long-Term Debt and Liabilities</i>				
	Governmental Activities & Total District-wide			
	2022	2021	Change	
Bonds payable	\$ 7,513,883	\$ 9,019,851	-17%	
Net pension liabilities	-	690,396	-100%	
Lease liabilities	12,051	-	n/a	
Compensated Absences	383,549	384,763	0%	
Other post-employment benefits	3,547,454	3,480,076	2%	
Total Long-Term Debt	\$ 11,456,937	\$ 13,575,086	-16%	

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the ongoing impact in the upcoming years as a result of the Covid-19 Pandemic.
- The District continues to note a decline in general student enrollment, however projections are showing that the decline has begun to level off.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Pine Valley Central School District
District Administrative Offices
7755 Route 83
South Dayton, New York 14138

PINE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Schedule 1

Page 11

	2022	2021
Assets		
Cash		
Unrestricted	\$ 5,011,987	\$ 4,192,372
Restricted	3,884,397	3,806,689
Receivables		
State and federal aid	1,193,319	1,547,414
Due from other governments	205,725	120,743
Other receivables	-	13,599
Inventories	7,652	5,451
Net pension assets	4,727,913	-
Cash to be used for capital assets	1,444,475	6,381,243
Capital and right-to-use assets, net	35,742,207	30,557,817
Total assets	<u>52,217,675</u>	<u>46,625,328</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,775,403	4,233,988
Deferred outflows related to OPEB	345,912	682,409
Total deferred outflows of resources	<u>4,121,315</u>	<u>4,916,397</u>
 Total assets and deferred outflows of resources	 <u>\$ 56,338,990</u>	 <u>\$ 51,541,725</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 266,774	\$ 1,268,233
Accrued liabilities	39,323	39,518
Accrued interest	60,000	72,000
Due to other governments	151	79
Due to retirement systems	536,112	507,690
Unearned revenue	253,832	14,815
Bond anticipation notes payable	7,980,642	7,170,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,500,000	1,460,000
Lease liabilities	2,947	-
Portion due or payable after one year		
Bonds payable	6,013,883	7,559,851
Net pension liabilities	-	690,396
Lease liabilities	9,104	-
Compensated absences	383,549	384,763
Other post-employment benefits	3,547,454	3,480,076
Total liabilities	<u>20,593,771</u>	<u>22,647,421</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	6,730,130	2,663,511
Deferred inflows related to OPEB	250,728	610,793
Total deferred inflows of resources	<u>6,980,858</u>	<u>3,274,304</u>
Net Position		
Net investment in capital and right-to-use assets	21,452,307	20,749,209
Restricted	3,884,397	3,806,689
Unrestricted	3,427,657	1,064,102
Total net position	<u>28,764,361</u>	<u>25,620,000</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 56,338,990</u>	<u>\$ 51,541,725</u>

See accompanying independent auditor's report and notes to financial statements.

PINE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 2

Page 12

					2022	2021
		Indirect	Program Revenues		Net (Expense)	Net (Expense)
	Expenses	Expenses	Charges for	Operating	Revenue and	Revenue and
		Allocation	Services	Grants	Changes in	Changes in
					Net Position	Net Position
Functions/Programs						
General support	\$ 1,870,513	\$ 214,009	\$ -	\$ -	\$ (2,084,522)	\$ (2,491,371)
Instruction	10,204,812	1,057,682	229,617	1,379,663	(9,653,214)	(9,899,746)
Pupil transportation	1,076,320	401,460	-	16,237	(1,461,543)	(1,668,534)
Community services	27,194	-	-	-	(27,194)	(1,366)
Debt service	226,458	-	-	-	(226,458)	(100,943)
Food service program	438,066	-	31,366	416,306	9,606	19,206
Depreciation and amortization	1,673,151	(1,673,151)	-	-	-	-
Total functions and programs	\$ 15,516,514	\$ -	\$ 260,983	\$ 1,812,206	(13,443,325)	(14,142,754)
General Revenues						
Real property taxes					3,575,174	3,545,988
Use of money and property					9,633	11,466
Sale of equipment and compensation for loss					32,434	88,829
Miscellaneous					376,264	229,315
State sources					12,171,763	12,502,684
Federal sources					146,179	334,411
Total general revenues					16,311,447	16,712,693
Change in net position					2,868,122	2,569,939
Net position - beginning of year					25,620,000	22,955,416
Prior period adjustments					276,239	94,645
Net position - end of year					\$ 28,764,361	\$ 25,620,000

PINE VALLEY CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

Schedule 3

Page 13

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	2022 Total	2021 (Memo only) Total
Assets								
Unrestricted cash	\$ 5,327,455	\$ 622,353	\$ 83,332	\$ -	\$ -	\$ -	\$ 6,033,140	\$ 3,047,184
Restricted cash	3,210,609	-	-	517,945	436,231	142,934	4,307,719	11,333,120
Due from other funds	989,363	87,526	-	99,443	1,255,642	-	2,431,974	886,928
State and federal aid receivable	661,888	428,116	103,315	-	-	-	1,193,319	1,547,414
Due from other governments	205,725	-	-	-	-	-	205,725	120,743
Other receivables	-	-	-	-	-	-	-	13,599
Inventories	-	-	7,652	-	-	-	7,652	5,451
Total assets	<u>\$ 10,395,040</u>	<u>\$ 1,137,995</u>	<u>\$ 194,299</u>	<u>\$ 617,388</u>	<u>\$ 1,691,873</u>	<u>\$ 142,934</u>	<u>\$ 14,179,529</u>	<u>\$ 16,954,439</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 73,381	\$ 193,329	\$ 64	\$ -	\$ -	\$ -	\$ 266,774	\$ 1,268,233
Accrued liabilities	39,323	-	-	-	-	-	39,323	39,518
Unearned revenue	36,414	214,988	2,430	-	-	-	253,832	14,815
Bond anticipation notes payable	-	-	-	-	7,980,642	-	7,980,642	7,170,000
Due to other funds	1,439,554	670,128	74,894	-	247,398	-	2,431,974	886,928
Due to other governments	-	-	151	-	-	-	151	79
Due to Teachers' Retirement System	417,057	50,898	-	-	-	-	467,955	409,714
Due to Employees' Retirement System	55,217	8,652	4,288	-	-	-	68,157	97,976
Total liabilities	<u>2,060,946</u>	<u>1,137,995</u>	<u>81,827</u>	<u>-</u>	<u>8,228,040</u>	<u>-</u>	<u>11,508,808</u>	<u>9,887,263</u>
Fund Equity								
Nonspendable	-	-	7,652	-	-	-	7,652	5,451
Restricted	3,210,609	-	-	617,388	-	56,400	3,884,397	3,806,689
Committed	-	-	-	-	-	86,534	86,534	81,131
Assigned	503,666	-	104,820	-	-	-	608,486	640,356
Unassigned (deficit)	4,619,819	-	-	-	(6,536,167)	-	(1,916,348)	2,533,549
Total fund equity	<u>8,334,094</u>	<u>-</u>	<u>112,472</u>	<u>617,388</u>	<u>(6,536,167)</u>	<u>142,934</u>	<u>2,670,721</u>	<u>7,067,176</u>
Total liabilities and fund equity	<u>\$ 10,395,040</u>	<u>\$ 1,137,995</u>	<u>\$ 194,299</u>	<u>\$ 617,388</u>	<u>\$ 1,691,873</u>	<u>\$ 142,934</u>	<u>\$ 14,179,529</u>	<u>\$ 16,954,439</u>

See accompanying independent auditor's report and notes to financial statements.

PINE VALLEY CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 4

Page 14

	Governmental Funds						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 3,575,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575,174	\$ 3,545,988
Use of money and property	5,646	-	15	3,942	-	45	9,648	11,493
Charges for services	229,617	-	-	-	-	-	229,617	119,559
Sale of property compensation for loss	32,434	-	-	-	-	-	32,434	88,829
Miscellaneous	133,816	-	3,250	-	-	143,005	280,071	159,547
State sources	12,171,763	208,617	7,212	-	-	-	12,387,592	12,613,572
Federal sources	146,179	1,187,283	392,994	-	-	-	1,726,456	1,263,181
Surplus food	-	-	16,100	-	-	-	16,100	9,392
Sales (school food service)	-	-	28,101	-	-	-	28,101	948
Total revenue	16,294,629	1,395,900	447,672	3,942	-	143,050	18,285,193	17,812,509
Expenditures								
General support	1,640,759	-	186,174	-	-	-	1,826,933	1,965,763
Instruction	7,388,667	1,140,181	-	-	-	-	8,528,848	7,548,855
Pupil transportation	1,126,727	16,237	-	-	-	-	1,142,964	1,185,330
Community services	27,194	-	-	-	-	-	27,194	1,366
Employee benefits	2,616,630	256,482	85,543	-	-	-	2,958,655	2,810,794
Debt service								
Principal	1,905,000	-	-	-	-	-	1,905,000	2,020,000
Interest	284,426	-	-	-	-	-	284,426	226,398
Capital outlay	-	-	-	-	6,292,410	-	6,292,410	1,669,243
Cost of sales	-	-	155,621	-	-	-	155,621	110,760
Other expenses	-	-	10,728	-	-	93,312	104,040	38,519
Total expenditures	14,989,403	1,412,900	438,066	-	6,292,410	93,312	23,226,091	17,577,028
Excess (deficiency) of revenue over expenditures	1,305,226	(17,000)	9,606	3,942	(6,292,410)	49,738	(4,940,898)	235,481
Other sources and uses								
BANs redeemed from appropriations	-	-	-	-	445,000	-	445,000	-
Premiums earned on financing	-	-	-	99,443	-	-	99,443	70,012
Operating transfers in	70,012	17,000	-	-	100,000	-	187,012	262,407
Operating transfers out	(117,000)	-	-	(70,012)	-	-	(187,012)	(262,407)
Total other sources (uses)	(46,988)	17,000	-	29,431	545,000	-	544,443	70,012
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,258,238	-	9,606	33,373	(5,747,410)	49,738	(4,396,455)	305,493
Fund equity (deficit), beginning of year	7,075,856	-	102,866	584,015	(788,757)	93,196	7,067,176	6,667,038
Prior period adjustment	-	-	-	-	-	-	-	94,645
Fund equity (deficit), end of year	\$ 8,334,094	\$ -	\$ 112,472	\$ 617,388	\$ (6,536,167)	\$ 142,934	\$ 2,670,721	\$ 7,067,176

See accompanying independent auditor's report and notes to financial statements.

PINE VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Total fund balances - governmental funds		\$	2,670,721
Amounts reported for governmental activities in the statement of net position are different because:			
Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital and right-to-use assets consist of the following at year-end:			
Cost of the assets	\$	54,170,166	
Accumulated depreciation and amortization		<u>(18,427,959)</u>	35,742,207
District's proportionate share of the net pension assets is reported on the statement of net position, whereas in the governmental funds, pension costs are based on required contributions.			
			4,727,913
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.			
			(60,000)
Net deferred outflows (inflows) of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions.			
			(2,954,727)
Net deferred outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions.			
			95,184
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:			
Bonds payable		(7,513,883)	
Lease liabilities		(12,051)	
Compensated absences		(383,549)	
Other post-employment benefits		<u>(3,547,454)</u>	(11,456,937)
Total net position - governmental activities			<u>\$ 28,764,361</u>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 10,340,859	\$ -	\$ -	\$ (1,444,475)	\$ 8,896,384
Due from other funds	2,431,974	-	-	(2,431,974)	-
State and federal aid receivable	1,193,319	-	-	-	1,193,319
Due from other governments	205,725	-	-	-	205,725
Inventories	7,652	-	-	-	7,652
Net pension assets	-	4,727,913	-	-	4,727,913
Cash to be used for capital assets	-	-	-	1,444,475	1,444,475
Capital and right-to-use assets, net	-	35,742,207	-	-	35,742,207
Total assets	14,179,529	40,470,120	-	(2,431,974)	52,217,675
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	-	4,121,315	-	-	4,121,315
Total assets and deferred outflows of resources	\$ 14,179,529	\$ 44,591,435	\$ -	\$ (2,431,974)	\$ 56,338,990
Liabilities, Deferred Inflows of Resources and Fund Equity					
Liabilities					
Accounts payable	\$ 266,774	\$ -	\$ -	\$ -	\$ 266,774
Accrued liabilities	39,323	-	-	-	39,323
Unearned revenue	253,832	-	-	-	253,832
Accrued interest	-	-	60,000	-	60,000
Due to other funds	2,431,974	-	-	(2,431,974)	-
Due to other governments	151	-	-	-	151
Due to retirement systems	536,112	-	-	-	536,112
Bond anticipation notes payable	7,980,642	-	-	-	7,980,642
Bonds payable	-	-	7,513,883	-	7,513,883
Lease liabilities	-	-	12,051	-	12,051
Compensated absences	-	-	383,549	-	383,549
Other post-employment benefits	-	-	3,547,454	-	3,547,454
Total liabilities	11,508,808	-	11,516,937	(2,431,974)	20,593,771
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	-	-	6,980,858	-	6,980,858
Fund equity and net position					
	2,670,721	44,591,435	(18,497,795)	-	28,764,361
Total liabilities, deferred inflows of resources, and fund equity/net position	\$ 14,179,529	\$ 44,591,435	\$ -	\$ (2,431,974)	\$ 56,338,990

PINE VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds \$ (4,396,455)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 6,569,251	
Depreciation and amortization expense	<u>(1,673,151)</u>	4,896,100

Repayment of bond principal (including bond refunding) is an expenditure in the governmental funds, but the repayment reduces long-term and short-term liabilities in the government-wide financial statements. Also, interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This also includes the amortization of bond premiums and new premiums earned as a result of bond refunding in the current year.

1,517,968

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds, pension expense is based on the District's contribution to pension plans.

893,105

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan.

(43,810)

In the statement of activities, certain operating expenses - compensated absences and special termination benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences changed by this amount.

1,214

Change in net position of governmental activities

\$ 2,868,122

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 3,575,174	\$ -	\$ -	\$ -	\$ 3,575,174
Use of money and property	9,648	-	-	(15)	9,633
Charges for services	229,617	-	-	(229,617)	-
Sale of property/compensation for loss	32,434	-	-	-	32,434
Miscellaneous	280,071	-	-	96,193	376,264
State sources	12,387,592	-	-	(215,829)	12,171,763
Federal sources	1,726,456	-	-	(1,580,277)	146,179
Surplus food	16,100	-	-	(16,100)	-
Sales (school food service)	28,101	-	-	(28,101)	-
Total revenue	18,285,193	-	-	(1,973,746)	16,311,447
Expenditures					
General support	1,826,933	214,009	-	43,580	2,084,522
Instruction	8,528,848	1,024,218	(1,214)	101,362	9,653,214
Pupil transportation	1,142,964	158,083	-	160,496	1,461,543
Community services	27,194	-	-	-	27,194
Employee benefits	2,958,655	-	(849,295)	(2,109,360)	-
Debt service	2,189,426	-	(1,962,968)	-	226,458
Capital outlay	6,292,410	(6,292,410)	-	-	-
Cost of sales	155,621	-	-	(165,227)	(9,606)
Other expenses	104,040	-	-	(104,040)	-
Total expenditures	23,226,091	(4,896,100)	(2,813,477)	(2,073,189)	13,443,325
Excess (deficiency) of revenue over expenditures	(4,940,898)	4,896,100	2,813,477	99,443	2,868,122
Other sources and uses					
Operating transfers in	187,012	-	-	(187,012)	-
Operating transfers out	(187,012)	-	-	187,012	-
BANs redeemed from appropriations	445,000	-	(445,000)	-	-
Premiums from serial bond issuance	99,443	-	-	(99,443)	-
Total other sources (uses)	544,443	-	(445,000)	(99,443)	-
Net change for year	\$ (4,396,455)	\$ 4,896,100	\$ 2,368,477	\$ -	\$ 2,868,122

**PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the **Pine Valley Central School District** have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial 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 following is a brief review of certain entities included in the District's reporting entity:

Extraclassroom Activity Funds

The extraclassroom activity fund of the **Pine Valley Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in a miscellaneous special revenue fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Pine Valley Central School District** is one of 27 component school districts in the Erie 2 – Chautauqua-Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 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 (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

During the year, the District was billed \$2,557,000 for BOCES administration, program and capital costs. The District's share of BOCES aid, rental charges and refunds amounted to \$795,000 for the year ended June 30, 2022. Financial statements for the Chautauqua-Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York.

C. Basis of Presentation

1. District-wide Statements

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

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental fund types:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service Fund – is used to account for the all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. The fund is also utilized to account for the purchase of transportation vehicles.

Debt Service – is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Miscellaneous Special Revenue – is used to account for and report those revenues that are restricted (scholarships) and committed (extraclassroom) to expenditures for specified purposes.

3. Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. The District does not have any activities that qualify for reporting as a fiduciary.

D. Measurement Focus and Basis of Accounting

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

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

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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 and right-to-use asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Investments

Investments are stated at current market value.

G. Inventory

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

H. Capital Assets

Capital assets are reported at actual cost and, estimated historical costs, based on an appraisal conducted by independent third-party professionals was used. Costs, as of September 2016, were estimated based on reverse trending techniques applied against the estimates of current replacement cost.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and improvements	\$ 50,000	Straight-line	15-40 years
Infrastructure assets	250,000	Straight-line	15-40 years
Furniture and equipment	500	Straight-line	5-20 years
Transportation vehicles	500	Straight-line	8 years

I. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

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NOTES TO FINANCIAL STATEMENTS
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

J. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities). 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.

K. Long-Term Debt

The liabilities reported as long-term liabilities include the School District's general obligation bonds, most obligations under lease/purchase and other financing arrangements, certain pension contributions and other long-term liabilities including vacation leave, sick leave, litigation, and other (i.e. workers' compensation, insurance-related liabilities pertaining to the Governmental Funds).

L. Unearned revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

M. Compensated Absences

Sick Leave Pay - certain of the District's employee groups have negotiated sick leave benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems.

The District has recorded an estimated liability in the government-wide financial statements amounting to approximately \$383,549 to recognize the cost of the benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors, therefore, the timing of future payments is not readily determinable. The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the District-wide financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

N. Post-Employment Benefits

In addition to the retirement benefits described in Note 3V, the District provides post-employment health insurance coverage to certain retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. The District recognizes the net cost of providing health insurance in the governmental funds when paid. The Statement of Net position reports the computed District liability at year-end and the Statement of Activities reports the net increase or decrease in the liability as expense.

O. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

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FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next succeeding fiscal year's budget. If the District elects to convert to tax 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 recorded in the General Fund.

2. Reserve for Debt Service

This reserve is used for the purpose of retiring the outstanding obligation upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. Interest and earnings on outstanding obligations and remaining bond proceeds not utilized for the intended purpose are recorded in the Reserve for Debt Service. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service or General Fund.

3. Insurance Reserve

This reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased; life, accident, health, annuities, fidelity and surety, credit, title, residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to Law. This reserve may be established by Board action and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Reserve for Employee Benefit Accrued Liability

The purpose of this reserve is for the payment of any accrued employee benefit due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education 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.

5. Reserve for Retirement System Credits

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

6. Capital Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the General Fund or Capital Project Fund.

7. Tax Certiorari Reserve

The purpose of this reserve is to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is recorded in the General Fund.

8. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the miscellaneous special revenue fund.

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

9. Reserve for Teachers' Retirement Contributions

This reserve is used to pay for district expenses to the NYS Teachers' Retirement System. Funds may be paid into the retirement contribution reserve fund from budgetary appropriation or excess fund balance. Funds added to this reserve will not exceed 2% of teacher salaries in the prior year. When the District experiences a rate increase, the difference from year to year would be supported by the use of this reserve. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

10. Workers' Compensation Reserve

This reserve is used to fund Workers' Compensation expenses, related medical expenses and self-insurance administrative costs. This reserve is funded from excess fund balance, and can be used to pay any expenses related to Workers' Compensation. The reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2022.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

1. Encumbrance Accounting (continued)

If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$56,902 as of June 30, 2022.

2. Appropriated Fund Equity

General Fund - The amount of \$446,764 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2023 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide financial statements

A. Net Investment in Capital and Right-to-Use Assets

This designation of net position is used to accumulate the capital and right-to-use asset balances in the statement of net position less accumulated depreciation and amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

**PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

O. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

P. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year-end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the current year, the District did not report any supplemental appropriations.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**P. Budgetary Procedures and Budgetary Accounting
(continued)**

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special aid fund and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

Q. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

R. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses.

T. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

**PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

U. New Accounting Pronouncement

Effective July 1, 2021, the District implemented the provisions of GASB Statement No. 87, Leases, which establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset, thereby eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the district-wide statement of net position.

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

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

**A. Total Fund Equity of Governmental Funds vs. Net
Position of Governmental Activities**

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

**B. Statement of Revenues, Expenditures and
Changes in Fund Equity vs. Statement of
Activities**

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of three broad categories. These categories are more fully explained below:

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

4. Pension Differences

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

5. OPEB Differences

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

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash and Investments

The **Pine Valley Central School District's** investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2022, the District's bank deposits were fully collateralized.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 School Districts.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by the agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name;
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2022 per bank were approximately \$10,216,000. These deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 500,000	\$9,716,000	\$ -	\$10,216,000

B. Investments

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash and Investments (continued)

B. Investments (continued)

- (1) Insured or registered, or investments held by the District or by the District's agent in the District's name or,
- (2) Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- (3) Uninsured and unregistered, with investments held by the financial institution or its trust department but not in the District's name.

Miscellaneous Special Revenue:
 Certificates of Deposit \$ -

II. Capital and Right-to-Use Assets

A. Capital assets

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

	Beginning Balance 6/30/21	Additions Net of Disposals	Ending Balance 6/30/22
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 17,550	\$ -	\$ 17,550
Construction-in-progress	2,352,927	6,292,410	8,645,337
Total non-depreciable capital assets	2,370,477	6,292,410	8,662,887
Capital assets that are depreciated:			
Buildings and improvements	39,362,889	-	39,362,889
Furniture and equipment	5,400,590	243,377	5,643,967
Total depreciable historical cost	44,763,479	243,377	45,006,856
Total cost	47,133,956		53,669,743
Less accumulated depreciation:	16,576,139	\$ 1,579,196	18,155,335
Total net book value	\$30,557,817		\$35,514,408

B. Right-to-use assets

The District reported right-to-use assets net of amortization as of June 30, 2022 in the amount of \$227,799. More information related to the right-to-use assets is disclosed in Note 7.

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Capital and Right-to-use Assets (continued)

C. Capital and right-to-use asset additions

During the fiscal year ended June 30, 2022, the District had additions of \$6,569,251 of which \$30,648 related to right-to-use assets and the balance related to capital assets.

D. Depreciation and Amortization

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

General support	\$	214,009
Instruction		1,057,682
Pupil transportation		401,460
	\$	<u>1,673,151</u>

III. Interfund Transactions

Interfund balances at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 989,363	\$ 1,439,554
Special Aid Fund	87,526	670,128
Debt Service Fund	99,443	-
School Lunch Fund	-	74,894
Capital Project Fund	1,255,642	247,398
Total	\$ <u>2,431,974</u>	\$ <u>2,431,974</u>

Interfund transfers consisted of the following during the fiscal year ended June 30, 2022:

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 70,012	\$ 117,000
Special Aid Fund	17,000	-
Debt Service Fund	-	70,012
School Lunch Fund	-	-
Capital Project Fund	100,000	-
Total	\$ <u>187,012</u>	\$ <u>187,012</u>

During the current year, the District transferred \$17,000 from the general fund to the special aid fund as the local share of the summer school handicap program. Also, the District transferred \$100,000 from the general fund to the capital projects fund related to the capital outlay project. Lastly, the District transferred \$70,012 from the debt service fund to the general fund related to prior year BAN premiums.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Receivables

Receivables at June 30, 2022 consisted of amounts due from State and Federal sources as well as amounts due from other governments and other miscellaneous receivables. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	State and Federal Aid	\$ 661,888
Special Aid	State and Federal Aid	428,116
Capital	State and Federal Aid	-
Food Service	State and Federal Aid	103,315
Food Service	Other Receivables	-
General	Due from Other Governments	205,725
		<u>\$ 1,399,044</u>

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. 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 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, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

PINE VALLEY CENTRAL SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. 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 the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at

www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

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

	ERS	TRS
2022	\$ 372,000	\$ 426,000
2021	\$ 350,000	\$ 384,000
2020	\$ 284,000	\$ 372,000

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

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2022, the 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 asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS 3/31/2022	TRS 6/30/2021
Measurement date		
Net pension asset (liability)	\$ 592,386	\$ 4,135,527
District's portion of the Plan's total net pension liability	.0072467%	.023865%

For the year ended June 30, 2022, the District's recognized pension expense of \$65,350 for ERS and \$(190,568) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PINE VALLEY CENTRAL SCHOOL DISTRICT
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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 44,862	\$ 570,039	\$ 58,189	\$ 21,486
Changes of assumptions	988,626	1,360,261	16,682	240,882
Net difference between projected and actual earnings on pension plan investments	-	-	1,939,816	4,328,257
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	145,748	171,442	34,891	89,927
District's contributions subsequent to the measurement date	68,157	426,268	-	-
Total	\$ 1,247,393	\$ 2,528,010	\$ 2,049,578	\$ 4,680,552

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (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:

	ERS	TRS
Year ending:		
2023	\$ (113,717)	\$ (487,326)
2024	(182,194)	(598,813)
2025	(471,506)	(784,916)
2026	(102,925)	(1,053,393)
2027	-	203,770
Thereafter	-	141,868

4. Actuarial Assumptions

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/22	6/30/21
Actuarial valuation date	4/1/21	6/30/20
Interest rate	5.9%	6.95%
Salary scale	4.4% average 4/1/15 – 3/31/20	1.95% - 5.18% 7/1/15 – 6/30/20
Decrement tables	System's Experience	System's Experience
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 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.

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 are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

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

Measurement date	ERS 3/31/22	Expected Rate of Return	TRS 6/30/21	Expected Rate of Return
Asset Type:				
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity	-%	-%	4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real Estate	9%	5.00%	11%	6.5%
Opportunistic/ARS portfolio	3%	4.10%	-%	-%
Credit	4%	3.78%	-%	-%
Real assets	3%	5.58%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.8%
Real estate debt	-%	-%	7%	3.3%
Private debt	-%	-%	1%	5.9%
High-yield fixed income	-%	-%	1%	3.8%
Fixed Income	23%	-%	-%	-%
Cash	1%	-1.0%	1%	(.2)%
Total:	100%		100%	

5. Discount Rate

The discount rate used to calculate the total pension asset (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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (1,529,795)	\$ 592,386	\$ 2,363,306
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ 433,963	\$ 4,135,527	\$ 7,246,423

7. 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	3/31/22	6/30/21
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 be		
Employers' total pension asset (liability)	103.65%	113.2%

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$68,157.

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 \$467,955 of which \$426,268 is related to employer contributions and \$41,687 is related to employee contributions.

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2022 the plan had total active employees of 133 and retirees of 57.

Total OPEB Liability

The District's total OPEB liability of \$3,547,454 was measured as of March 31, 2022 and was determined by an actuarial valuation as of July 1, 2021.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Other Inputs

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

Inflation	2.44% per year
Salary increases	3.44% per year
Discount rate	2.83% as of June 30, 2022 and 2.27% as of June 30, 2021
Healthcare cost trend rates	2022 – 6.10% to an ultimate rate of 4.37% after 2070.
Retirees' share of benefit-related costs	District pays 83% for single and 81.5% for family – based on years of service and credited months

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds.

Mortality rates were based on the Scale MP-2021, fully generational.

The actuarial assumptions used in the July 1, 2021 valuation represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service cost	\$	162,635
Interest		78,730
Change of benefit terms		-
Differences between expected and actual experience		192,843
Changes in assumptions or other inputs		(192,405)
Benefit payments		(174,425)
Net changes		67,378
Net OPEB liability – beginning of year		3,480,076
Net OPEB liability – end of year	\$	<u>3,547,454</u>

Changes in assumptions reflect a change in the discount rate from 2.27% in 2021 to 2.83% in 2022. Also, salary scale changes from 3.11% to 3.44%. Mortality improvement scale was updated from MP-2020 to MP-2021 and healthcare cost trend rates were also updated.

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.83%) or 1 percentage point higher (3.83%) than the current discount rate:

	1% Decrease (1.83%)	Current Assumption (2.83%)	1% Increase (3.83%)
Total OPEB liability	\$ 3,850,500	\$ 3,547,454	\$ 3,268,711

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.10% - 3.37%)	Current Assumption (6.10% - 4.37%)	1% Increase (7.10% - 5.37%)
Total OPEB liability	\$ 3,227,696	\$ 3,547,454	\$ 3,914,937

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$219,578. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 271,200	\$ 122,458
Changes in assumptions or other inputs	31,106	128,270
Benefits subsequent to measurement date	43,606	
Total	\$ 345,912	\$ 250,728

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

Year ending:	
2023	\$ 51,432
2024	146
2025	-
2026	-
2027	-
Thereafter	-

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. On June 16, 2021, the District issued a \$7,170,000 bond anticipation note. The note carried interest at 1.25% and matured on June 15, 2022. On June 15, 2022, the District issued a \$7,980,642 bond anticipation note. The note carries interest at 3.25% and matures on June 14, 2023. Also, the District had BANs redeemed from appropriations in the amount of \$445,000 in the current year.

b. Short-Term Debt Interest

Total interest incurred on short-term debt was \$89,376 during the fiscal year ended June 30, 2022.

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

2. Long-Term Debt

a. Debt Limit

At June 30, 2022, the total outstanding indebtedness represented approximately 66% of the District's debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements or for the purchase of vehicles. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Long-Term Debt Interest

Interest expenditures for long-term debt are recognized on a cash basis, when amounts become due and payable. The District recognized \$195,050 of expenditures for long-term debt interest in the governmental fund financial statements during the fiscal year ended June 30, 2022.

d. Changes

The School District's indebtedness, as of June 30, 2022 and 2021 are summarized as follows:

	Balance June 30, 2022	Balance June 30, 2021
Serial bonds	\$ 7,325,000	\$ 8,785,000
Premium on obligation	188,883	234,851
Compensated absences	383,549	384,763
Net pension liability – ERS	-	7,509
Net pension liability – TRS	-	682,887
Lease liability	12,051	-
Other post-employment benefit	3,547,454	3,480,076
	\$ 11,456,937	\$ 13,575,086

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Changes (continued)

The District made principal payments on serial bonds in the amount of \$1,460,000 during the current fiscal year and recorded one year of amortization expense in the amount of \$45,968. The net change in compensated absences was a decrease of \$1,214 during the fiscal year ended June 30, 2022. The net change in other post-employment benefit liability was an increase of \$67,378. Also, both the net pension liabilities for ERS and TRS changed to net pension assets due to actuarial updates.

e. Summary

- The following is a summary of maturity of indebtedness:

Description	Outstanding June 30, 2022
Serial Bonds, issued in 2020 (to refund 2008 and 2010 series) with maturity date of 2024, bonds carry interest at 2%-4%	\$ 1,495,000
Serial Bonds, issued in 2016 with maturity date of 2032, bonds carry interest at 2%.	5,830,000
	\$ 7,325,000

f. Maturity

- The following is the amortization schedule for the long-term liability for serial bonds.

Year	Principal payments	Interest payments
2023	\$ 1,500,000	\$ 149,400
2024	1,330,000	119,250
2025	685,000	83,050
2026	700,000	69,200
2027	715,000	55,050
2028-2032	2,395,000	85,250
Totals	\$ 7,325,000	\$ 561,200

- The following is the amortization schedule for the long-term liability for leases.

Year	Principal payments	Interest payments
2023	\$ 2,947	\$ 482
2024	3,082	347
2025	3,223	205
2026	2,799	58
Totals	\$ 12,051	\$ 1,092

**PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

3. Bond premiums and amortization

Premiums resulting from bond and other debt refinancing are being amortized over the life of the related debt.

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Category / Fund	Description	Balance June 30, 2022
Nonspendable:		
Food Service	Inventory	\$ <u>7,652</u>
Restricted:		
General	Unemployment reserve	\$ 100,046
	Employee benefit reserve	850,936
	Insurance reserve	100,099
	TRS Reserve	229,269
	ERS Reserve	1,237,239
	Capital reserve	348,363
	Workers' Compensation reserve	<u>344,657</u>
		\$ <u>3,210,609</u>
Debt Service	Reserve for debt service	\$ <u>617,388</u>
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ <u>56,400</u>
Committed:		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ <u>86,534</u>
Assigned:		
General	Appropriated Fund Balance	\$ 446,764
	Encumbrances	<u>56,902</u>
		\$ <u>503,666</u>
Food Service	Fund Equity	\$ <u>104,820</u>

B. Assigned – Appropriated Fund Balance

General Fund - The amount of \$446,764 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2023 as allowed by Section 1318 of the Real Property Tax Law.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

C. Deficit Fund Balance

The District's capital project fund had an accumulated deficit in the amount of \$6,536,167 as of June 30, 2022. It is not uncommon for school districts to have deficit fund balances in the capital projects fund as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or are redeemed at which time such proceeds are recorded as other financing sources revenue.

D. District-wide Net Position

Net position of the District include restricted net position of approximately \$3,884,000 which represent restricted amounts in the general, miscellaneous special revenue and debt service funds as presented above.

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, **Pine Valley Central School District** is a participant in the Chautauqua County School Districts' Medical health Plan, a public entity risk pool operated for the benefit of various individual governmental units located within Chautauqua County. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Chautauqua County School Districts' Medical Health Plan obtains independent coverage for insured events in excess of this amount.

The **Pine Valley Central School District** also participates in a risk sharing pool, Erie 2 – Chautauqua-Cattaraugus BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

B. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$568,000 as of June 30, 2022 for accumulating non-vesting sick leave.

C. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

NOTE 4 – CAPITAL PROJECT

The voters of Pine Valley Central School District approved a resolution authorizing a capital project in the amount of \$9,887,212 to be financed with serial bonds, State Excel Aid and District funds. Total expenditures incurred related to the project were \$6,195,975 during the year ended June 30, 2022.

The District also had expenditures in the current year in the amount of \$96,435 related to its capital outlay projects.

NOTE 5 – TAX ABATEMENTS

The District does not have any significant tax abatement programs that are required to be disclosed under GASB 77.

NOTE 6 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

NOTE 6 – COVID 19 PANDEMIC (continued)

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$366,000 of CARES Act – ESSER and GEER assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. During the years ended June 30, 2022 and 2021, the District expended \$75,585 and \$247,827 respectively.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$1,163,000 of CRRSA assistance to the District. As of June 30, 2022, the District has spent \$419,826 of the CRRSA funds.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$2,614,000 of ARP assistance to the District. As of June 30, 2022, the District has spent \$112,045 of the ARP funds.

Given the uncertainty regarding the COVID-19 Pandemic, the overall financial impact to the District cannot be reasonably predicted or estimated at this time.

NOTE 7 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2022:

	Balance 7/1/21	
	As restated	Additions
Right-to-use asset	\$ 469,775	\$ 30,648
Accumulated amortization	(178,668)	(93,956)
Lease liability	(14,868)	-
	<u>\$ 276,239</u>	<u>\$ (63,308)</u>
	Deletions	Balance at
		6/30/22
Right-to-use asset	\$ -	\$ 500,423
Accumulated amortization	-	(272,624)
Lease liability	2,817	(12,051)
	<u>\$ 2,817</u>	<u>\$ 215,748</u>

**PINE VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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NOTE 8 – PRIOR PERIOD ADJUSTMENT

The District implemented GASB 87, Leases, during the year ended June 30, 2022, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2021, and which GASB 87 requires retroactive application of these agreements. The District's net position increased \$276,239 as a result of the prior period adjustment which represents the remaining book value of its right-to-use assets and lease liability as shown above.

Implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances of amounts previously reported as fiduciary funds to the respective governmental funds. Total scholarship funds of \$12,650 and extraclassroom activity funds of \$81,995 were reclassified from fiduciary funds to governmental funds as of July 1, 2020.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 13, 2022, which is the date the financial statements were available to be issued.

PINE VALLEY CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 3,597,652	\$ 3,597,652	\$ 3,575,174	\$ (22,478)
Charges for services	206,000	206,000	229,617	23,617
Use of money and property	18,020	18,020	5,646	(12,374)
Sale of property and compensation for loss	-	-	32,434	32,434
Miscellaneous	90,000	90,000	133,816	43,816
State Sources:				
Basic formula	11,172,443	11,172,443	11,371,607	199,164
BOCES	792,280	792,280	742,984	(49,296)
Textbooks	40,833	40,833	38,095	(2,738)
All other aid	23,685	23,685	19,077	(4,608)
Federal Sources:				
Medicaid reimbursement	50,000	50,000	70,594	20,594
Cares Act	-	-	75,585	75,585
Total revenue	15,990,913	15,990,913	16,294,629	303,716
Other Sources				
Operating transfer in	-	-	70,012	70,012
Total revenue and other sources	15,990,913	15,990,913	16,364,641	\$ 373,728
Appropriated fund equity, reserves, and carryover encumbrances	446,764	542,871		
Total revenue, other sources, reserves and appropriated fund equity	\$ 16,437,677	\$ 16,533,784		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 27,901	\$ 14,625	\$ 14,603	\$ 25	\$ (3)
Central administration	216,104	209,424	206,705	960	1,759
Finance	223,345	231,233	231,233	-	-
Staff	80,372	113,082	109,073	4,009	-
Central services	919,010	1,045,464	930,456	16,092	98,916
Special items	146,352	148,689	148,689	-	-
Instructional:					
Instruction, administration and improvement	425,449	471,749	447,730	-	24,019
Teaching - regular school	3,488,428	3,455,035	3,120,627	1,197	333,211
Programs for children with handicapping conditions	2,138,182	2,183,751	1,986,847	6,440	190,464
Teaching - special schools	-	-	-	-	-
Occupational education	465,632	450,165	450,165	-	-
Instructional media	727,904	896,815	854,727	1,664	40,424
Pupil services	642,321	640,536	528,571	5,900	106,065
Pupil Transportation	1,334,449	1,330,465	1,126,727	72	203,666
Employee Benefits	3,207,371	2,955,458	2,616,630	1,029	337,799
Community Service	71,844	55,867	27,194	19,514	9,159
Debt Service:					
Debt service principal	1,880,642	1,905,000	1,905,000	-	-
Debt service interest	300,371	284,426	284,426	-	-
Total expenditures	<u>16,295,677</u>	<u>16,391,784</u>	<u>14,989,403</u>	<u>56,902</u>	<u>1,345,479</u>
Other Uses:					
Transfer to other funds	142,000	142,000	117,000	-	25,000
Total other uses	<u>142,000</u>	<u>142,000</u>	<u>117,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures and other uses	<u>\$ 16,437,677</u>	<u>\$ 16,533,784</u>	<u>15,106,403</u>	<u>\$ 56,902</u>	<u>\$ 1,370,479</u>
Excess of revenue and other sources over expenditures and other uses			<u>\$ 1,258,238</u>		

PINE VALLEY CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS1A

Page 37

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 18,000	\$ 7,212	\$ (10,788)
Federal sources	210,000	392,994	182,994
Sales	43,400	31,351	(12,049)
Surplus food	20,000	16,100	(3,900)
Use of money and property	100	15	(85)
Interfund transfer	30,000	-	(30,000)
Total revenue	321,500	447,672	126,172
Expenditures			
General support	150,000	186,174	(36,174)
Employee benefits	40,000	85,543	(45,543)
Cost of sales	118,000	155,621	(37,621)
Other expenses	13,500	10,728	2,772
Total expenditures	321,500	438,066	(116,566)
Excess of revenue over expenditures	<u>\$ -</u>	9,606	<u>\$ 9,606</u>
Fund equity, beginning of year		<u>102,866</u>	
Fund equity, end of year		<u>\$ 112,472</u>	

PINE VALLEY 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

Schedule SS2

Page 38

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 16,437,677
Additions:	
Encumbrances	96,107
Original budget	16,533,784
Budget revisions:	-
Final budget	\$ 16,533,784

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	\$ 17,607,694
Maximum allowed (4% of 2022-23 budget)	\$ 704,308

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:

Committed fund balance	\$ -
Assigned fund balance	503,666
Unassigned fund balance	4,619,819
Total unrestricted fund balance	5,123,485

Less:

Appropriated fund balance	446,764
Encumbrances included in committed and assigned fund balance	56,902
Total adjustments	503,666

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 4,619,819
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Actual percentage	26.24%
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* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

PINE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS3

Page 39

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2022
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Capital Outlay 2020	\$ 100,000	\$ 100,000	\$ 86,369	\$ -	\$ -	\$ 86,369	\$ 13,631	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 13,631
Capital Outlay 2021	100,000	100,000	-	96,435	-	96,435	3,565	-	-	100,000	100,000	3,565
Reconstruction Project - 2019	9,887,212	9,887,212	2,266,558	6,195,975	-	8,462,533	1,424,679	8,425,642	-	1,464,170	9,889,812	1,427,279
Total	\$ 10,087,212	\$ 10,087,212	\$ 2,686,898	\$ 6,292,410	\$ -	\$ 8,645,337	\$ 1,441,875	\$ 8,425,642	\$ -	\$ 1,664,170	\$ 10,089,812	\$ 1,444,475
Less: Bond anticipation notes outstanding												(7,980,642)
Total fund equity (deficit) as of June 30, 2022												\$ (6,536,167)

See accompanying independent auditor's report.

PINE VALLEY CENTRAL SCHOOL DISTRICT**Schedule SS4A****BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022****Page 40**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2022	\$ 126,942	\$ 126,942	\$ 126,942
Universal Pre-kindergarten	0409-22-7472	2022	98,675	98,675	98,675
School breakfast programs	N/A	2022	3,811	3,811	3,811
Summer food service program	N/A	2022	3,401	3,401	3,401
			<u>\$ 232,829</u>	<u>\$ 232,829</u>	<u>\$ 232,829</u>

* Revenue includes interfund transfer of \$17,000 from the general fund which represents local share of expenditures.

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

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Pine Valley Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying **Pine Valley Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2022, the District reported in the Schedule of Federal Awards \$16,100 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

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

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-21-0340	\$ 84,747	\$ 84,747	\$ 84,747
Title I	84.010A	0021-22-0340	365,637	312,247	312,247
IDEA, Part B Section 611 **	84.027A	0032-22-0101	193,419	193,419	193,419
IDEA, Part B Section 619 **	84.173A	0033-22-0101	5,317	5,317	5,317
Title II, Part A	84.367A	0147-22-0340	42,359	34,390	34,390
Title IV	84.424	0204-21-0340	616	616	616
Title IV	84.424	0204-22-0340	26,159	20,007	20,007
Title V	84.358B	0006-21-0340	10,838	4,669	4,669
COVID-19 - CARES Act - ESSERF	84.425D	5890-21-0340	313,327	75,585	75,585
COVID-19 - ARP - ESSER 3	84.425U	5880-21-0340	2,614,133	112,045	112,045
COVID-19 - CRRSA - ESSER 2	84.425D	5891-21-0340	1,163,139	419,826	419,826
US Department of Agriculture:					
Passed through NYS					
Department of Education;					
COVID-19 - Snack Program ***	10.555	N/A	2,869	2,869	2,869
COVID-19 - NSLP - Seamless Summer Option (Lunch) ***	10.555	N/A	294,105	294,105	294,105
COVID-19 - NSBP - Seamless Summer Option (Breakfast) ***	10.553	N/A	96,020	96,020	96,020
Passed through NYS					
Office of General Services;					
National School Lunch Program					
Noncash assistance (Donated Commodities) ***	10.555	N/A	16,100	16,100	16,100
Total expenditures and revenue				\$ 1,671,962	\$ 1,671,962

** Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 198,736

*** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 409,094

PINE VALLEY CENTRAL SCHOOL DISTRICT

Schedule SS5

SCHEDULE OF NET INVESTMENT IN CAPITAL AND RIGHT-TO-USE ASSETS

AS OF JUNE 30, 2022

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Capital assets and right-to-use assets	\$ 35,514,408
Less:	
Serial bonds	(7,513,883)
Lease liabilities	(12,051)
Bond anticipation notes	(7,980,642)
Plus:	
Net cash to be used for capital assets	<u>1,444,475</u>
Net investment in capital assets and right-to-use assets	<u><u>\$ 21,452,307</u></u>

PINE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2022

Schedule SS6

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As of the measurement date of March 31,

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 162,635	\$ 187,197	\$ 199,139	\$ 159,084	\$ 141,395
Interest	78,730	91,673	139,201	101,200	104,285
Change of benefit terms	-	-	(8,157)	(24,828)	-
Differences between expected and actual experience	192,843	(394,586)	(1,095,994)	1,093,546	(93,047)
Changes in assumptions or other inputs	(192,405)	86,502	596,764	32,668	50,151
Benefit payments	(174,425)	(169,052)	(158,528)	(161,477)	(134,621)
Net change in total OPEB liability	67,378	(198,266)	(327,575)	1,200,193	68,163
Total OPEB liability - beginning	3,480,076	3,678,342	4,005,917	2,805,724	129,962
Prior period adjustment	-	-	-	-	2,607,559
Total OPEB liability - ending	<u>\$ 3,547,454</u>	<u>\$ 3,480,076</u>	<u>\$ 3,678,342</u>	<u>\$ 4,005,917</u>	<u>\$ 2,805,684</u>

Plan fiduciary net position

Contributions - employer	\$ 174,425	\$ 169,052	\$ 158,528	\$ 161,477	\$ 134,621
Net investment income	-	-	-	-	-
Benefit payments	(174,425)	(169,052)	(158,528)	(161,477)	(134,621)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

District's net OPEB liability	<u>\$ 3,547,454</u>	<u>\$ 3,480,076</u>	<u>\$ 3,678,342</u>	<u>\$ 4,005,917</u>	<u>\$ 2,805,684</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 6,347,588	\$ 5,984,587	\$ 4,958,066	\$ 4,796,890	\$ 4,940,797
District's net OPEB liability as a percentage of covered-employee payroll	55.89%	58.15%	74.19%	83.51%	56.79%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate changes - 2.27% to 2.83% effective June 30, 2022
Salary scale changes from 3.11% to 3.44% effective June 30, 2022
Updated mortality rates and the mortality projection scale to MP-2021, fully generational
Updated healthcare cost trend rates to rates effective June 30, 2022

See accompanying independent auditor's report.

PINE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2022

Schedule SS7

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For the year ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 174,425	\$ 169,052	\$ 158,528	\$ 161,477	\$ 134,621
Contributions in relation to the actuarially determined contribution	(174,425)	(169,052)	(158,528)	(161,477)	(134,621)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,347,588	\$ 5,984,587	\$ 4,958,066	\$ 4,796,890	\$ 4,940,797
Contributions as a percentage of District's covered-employee payroll	2.75%	2.82%	3.20%	3.37%	2.72%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	Discount rate of - 2.27% as of June 30, 2021 and 2.83% as of June 30, 2022
Inflation	2.44% per year
Healthcare cost trend rates	2022 - 6.10%. Rates expected to change each year thereafter with an ultimate rate of 4.37% after 2070.
Salary increases	3.44% per year
Mortality	Scale MP-2021, fully generational
Retiree Cost Sharing	District pays 83% for single and 81.5% for family - based on years of service
Participants	133 Active and 57 Retirees

PINE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022

Schedule SS8

Page 45

New York State Teachers' Retirement System

For the year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 426,268	\$ 383,979	\$ 371,640	\$ 450,747	\$ 370,687	\$ 454,906	\$ 529,325	\$ 743,232	\$ 739,403	\$ 558,804
Contributions in relation to the contractually required contribution	(426,268)	(383,979)	(371,640)	(450,747)	(370,687)	(454,906)	(529,325)	(743,232)	(739,403)	(558,804)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,349,673	\$ 4,029,161	\$ 4,194,582	\$ 4,244,322	\$ 3,782,520	\$ 3,881,451	\$ 3,991,893	\$ 4,239,772	\$ 4,550,172	\$ 4,719,628
Contributions as a percentage of District's covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 372,230	\$ 350,160	\$ 284,391	\$ 295,646	\$ 316,614	\$ 323,160	\$ 357,217	\$ 420,117	\$ 382,843	\$ 457,279
Contributions in relation to the contractually required contribution	(372,230)	(350,160)	(284,391)	(295,646)	(316,614)	(323,160)	(357,217)	(420,117)	(382,843)	(457,279)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,456,491	\$ 2,439,450	\$ 2,062,100	\$ 2,000,929	\$ 2,220,300	\$ 2,172,612	\$ 2,093,280	\$ 2,046,187	\$ 2,056,147	\$ 2,223,941
Contributions as a percentage of District's covered-employee payroll	15.15%	14.35%	13.79%	14.78%	14.26%	14.87%	17.06%	20.53%	18.62%	20.56%

See accompanying independent auditor's report.

PINE VALLEY CENTRAL SCHOOL DISTRICT**Schedule SS9****SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS****FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022****Page 46*****New York State Teachers' Retirement System - Net Pension Asset (Liability)***

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.023865%	0.024713%	0.025380%	0.023226%	0.024482%	0.025869%	0.028225%	0.030804%	0.031177%
District's proportionate share of the net pension asset (liability)	n/a	\$ 4,135,527	\$ (682,887)	\$ 659,387	\$ 419,990	\$ 186,083	\$ (277,071)	\$ 2,931,674	\$ 3,431,331	\$ 205,221
District's covered-employee payroll	n/a	\$ 4,029,161	\$ 4,194,582	\$ 4,244,322	\$ 3,782,520	\$ 3,881,451	\$ 3,991,893	\$ 4,239,772	\$ 4,550,172	\$ 4,719,628
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	102.64%	-16.28%	15.54%	11.10%	4.79%	-6.94%	69.15%	75.41%	4.35%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	0.0072467%	0.0075414%	0.0065094%	0.0067217%	0.0073792%	0.0076891%	0.0075291%	0.0081560%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$ 592,386	\$ (7,509)	\$ (1,723,728)	\$ (476,253)	\$ (238,158)	\$ (722,484)	\$ (1,208,434)	\$ (275,530)	\$ (368,559)	n/a
District's covered-employee payroll	\$ 2,456,491	\$ 2,439,450	\$ 2,062,100	\$ 2,000,929	\$ 2,220,300	\$ 2,172,612	\$ 2,093,280	\$ 2,046,187	\$ 2,056,147	\$ 2,223,941
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	24.12%	-0.31%	-83.59%	-23.80%	-10.73%	-33.25%	-57.73%	-13.47%	-17.92%	n/a
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

See accompanying independent auditor's report.



BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

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

**To the President and
Members of the Board of Education
Pine Valley Central School District
South Dayton, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Pine Valley Central School District* as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise *Pine Valley Central School District's* basic financial statements and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item II.A.2022-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Pine Valley Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2022-002.

Pine Valley Central School District's Responses to Findings

Pine Valley Central School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Pine Valley Central School District's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
October 13, 2022**



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

**To the President and
Members of the Board of Education
Pine Valley Central School District
South Dayton, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance (continued)

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that may be material weakness 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.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**

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

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> x </u> yes	<u> </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

<u> </u> yes	<u> x </u> no
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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,671,962</u>

Identification of Major Programs Tested:

COVID-19 - CARES Act - ESSERF	84.425D	\$ 75,585
COVID-19 - ARP - ESSER 3	84.425U	112,045
COVID-19 - CRRSA - ESSER 2	84.425D	<u>419,826</u>

Total major programs tested	<u>\$ 607,456</u>
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% of Federal programs tested	<u>36%</u>
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Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

<u> x </u> yes	<u> </u> no
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**PINE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2022

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording retirement accruals, accrued expenses and converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2022-002 Unassigned Fund Balance

Year ended June 30, 2022

Conditions and criteria: *Pine Valley Central School District's* unassigned fund balance as of June 30, 2022 amounted to \$4,619,819. This amount constitutes approximately 26.24% of the 2022-2023 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: *Pine Valley Central School District* should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

District's Response: *Pine Valley Central School District* realizes that it's unassigned fund balance as of June 30, 2022 was in excess of the NYS mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2022

There were no findings related to compliance during the year ended June 30, 2022.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2022

There were no findings related to internal control over compliance during the year ended June 30, 2022.

PINE VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS

Page 53

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements (Significant deficiency)

Year ended June 30, 2021

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported on during the year ended June 30, 2022 as item II.A. 2022-001.

B. COMPLIANCE AND OTHER MATTERS

2021-002 Unassigned Fund Balance

Year Ended June 30, 2021

Summary of Prior Year Finding: *Pine Valley Central School District's* unassigned fund balance as of June 30, 2021 amounted to approximately \$3,322,306. This amount constitutes approximately 20.21% of the 2021-2022 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported on during the year ended June 30, 2022 as item II.B.2022-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

There were no findings related to compliance or internal control over compliance during the year ended June 30, 2021.



**To the President and Members of the
Board of Education
and School Administration
Pine Valley Central School District
South Dayton, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2022 of the District's financial statements and have issued our reports thereon dated October 13, 2022. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Pine Valley Central School District* for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2018 through June 30, 2022. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Pine Valley Central School District* has provided responses to additional comments that follow, however, we did not audit such responses, and accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
October 13, 2022**

PINE VALLEY CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURE COMPARISON AND ANALYSIS OF
FUND EQUITY (AMOUNTS IN \$1,000)

Page 2

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Revenue and other sources					
Property taxes	\$ 3,575	\$ 3,546	\$ 3,361	\$ 3,357	\$ 3,350
State aid	12,172	12,503	12,804	12,471	12,394
All other	618	687	337	450	282
	16,365	16,736	16,502	16,278	16,026
Expenditures and other uses					
General support	1,641	1,830	1,618	1,695	1,972
Instruction	7,389	6,928	8,108	7,528	6,772
Transportation	1,127	940	1,104	914	860
Benefits	2,617	2,655	2,586	2,703	2,595
Debt	2,189	2,246	2,281	2,778	2,616
Community services	27	1	22	27	26
Transfers	117	261	1,591	503	116
	15,107	14,861	17,310	16,148	14,957
Excess (deficiency) of revenue over expenditures	1,258	1,875	(808)	130	1,069
Fund equity					
Beginning of year	7,076	5,201	6,009	5,879	4,810
End of year	\$ 8,334	\$ 7,076	\$ 5,201	\$ 6,009	\$ 5,879
Analysis of fund equity					
Restricted					
Capital reserve	\$ 348	\$ 348	\$ 582	\$ 2,040	\$ 1,862
Reserve for tax certiorari	-	-	-	-	51
Reserve for unemployment insurance	100	100	35	35	36
Reserve for workers' compensation	345	345	50	50	-
Reserve for insurance	100	100	76	76	76
Reserve for employee benefits	851	851	718	732	738
Reserve for ERS	1,237	1,237	614	611	609
Reserve for TRS	229	229	150	72	-
Assigned	504	543	185	956	67
Unassigned	4,620	3,323	2,791	1,437	2,440
	\$ 8,334	\$ 7,076	\$ 5,201	\$ 6,009	\$ 5,879

PINE VALLEY CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Page 3

Future Governmental Accounting Standards – GASB 96

In 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which will be effective for the fiscal year ending June 30, 2023. The new standard (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new SBITA standard, which may include continuing education, webinars and further training.

District response: The District will participate in trainings or webinars on the topics when they become available.

PINE VALLEY CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

***WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

PINE VALLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Pine Valley Central School District
South Dayton, New York**

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the *Pine Valley Central School District* for the year ended June 30, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of *Pine Valley Central School District*, for the year ended June 30, 2022 on the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial 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 Extraclassroom Activity Fund of *Pine Valley Central School District's* ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2022, on our consideration of the **Pine Valley Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Pine Valley Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Pine Valley Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
October 13, 2022**

PINE VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2021 THROUGH JUNE 30, 2022

Page 3

	Balances June 30, 2021	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2022
Extraclassroom activities:					
Class Of 2020	\$ 5,203	\$ -	\$ 5,203	\$ -	\$ 5,203
Class Of 2021	3,358	300	3,658	3,235	423
Class Of 2022	3,556	26,505	30,061	30,027	34
Class Of 2023	4,823	18,834	23,657	15,660	7,997
Class Of 2024	1,719	6,147	7,866	3,438	4,428
Class Of 2025	-	6,615	6,615	6,758	(143)
Band Fund	8,026	8,486	16,512	7,805	8,707
Middle School Club	2,932	202	3,134	472	2,662
Honor Society	3,885	-	3,885	495	3,390
Jr. Honor Society	937	-	937	5	932
Drama Club	7,383	10,740	18,123	8,018	10,105
Yearbook	14,070	6,602	20,672	2,900	17,772
FFA	3,083	4,694	7,777	6,022	1,755
Chorus Fund	6,645	703	7,348	405	6,943
Student Council	15,064	2,668	17,732	3,189	14,543
Power Sports Club	1,014	774	1,788	5	1,783
Total activity fund	\$ 81,698	\$ 93,270	\$ 174,968	\$ 88,434	\$ 86,534

PINE VALLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

Page 4

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are included in the financial statements of the School District. However, cash balances of \$ \$86,534 are included in the Miscellaneous Special Revenue Fund as restricted cash, with a corresponding amount recorded as a committed fund balance.

The accounts of the Extraclassroom Activity Fund of *Pine Valley Central School District* are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.



To the President and Members of the
Board of Education
and School Administration
Pine Valley Central School District
South Dayton, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Pine Valley Central School District* as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered *Pine Valley Central School District's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Pine Valley Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Pine Valley Central School District's* internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency in internal control to be a material weakness:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

District response: The Business Office staff discusses with class advisers, every year and throughout the year, regarding the need for accurate and detailed records. We will continue to work with advisers to maintain the appropriate records.

This communication is intended solely for the information and use of management, Board of Education, and others within *Pine Valley Central School District*, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
October 13, 2022**



October 13, 2022

To the Audit Committee
and Board of Education
Pine Valley Central School District
South Dayton, New York

We have audited the financial statements of Pine Valley Central School District as of and for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Pine Valley Central School District are described in Note 1 to the financial statements. During the current year, the District implemented Governmental Accounting Standards Board Statement Number 87, Leases. The implementation of this new standard resulted in prior period adjustment to the financial statements and is described in note 7 and note 8. We noted no transactions entered into by Pine Valley Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of the depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension liability (ERS), a net pension asset (TRS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its' reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V and disclosures related to the COVID-19 pandemic in Note 6 to the financial statements due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Pine Valley Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Pine Valley Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board and management of Pine Valley Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.