

***PINE VALLEY CENTRAL  
SCHOOL DISTRICT***

***AUDIT REPORTING PACKAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021***

**TABLE OF CONTENTS**  
***2021 REPORTING PACKAGE***

	<b><u>Section</u></b>
School District's Audited Financial Statements .....	1
School District's Management Letter .....	2
Extraclassroom Activity Fund Audited Financial Statement.....	3
Extraclassroom Activity Fund Management Letter .....	4
Letter to those Charged with Governance .....	5

***PINE VALLEY CENTRAL  
SCHOOL DISTRICT***

***FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

**PINE VALLEY CENTRAL SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Schedule</u></b>	<b><u>Page</u></b>
<b>Independent Auditor's Report</b> .....		1-2
<b>Management's Discussion and Analysis</b> .....		3-9
<b>Government-wide Financial Statements</b>		
Statement of Net Position .....	1	10
Statement of Activities .....	2	11
<b>Fund Financial Statements</b>		
Combined Balance Sheet - Governmental Funds.....	3	12
Combined Statement of Revenue, Expenditures and Changes in Fund Equity - Governmental Funds .....	4	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	5	14
Reconciliation of Governmental Funds Revenue, Expenditures and Changes in Fund Equity to the Statement of Activities.....	6	15
Notes to the Financial Statements .....		16-33
<b>Supplementary Information</b>		
Combining Schedule of Revenue and Expenditures and Changes In Fund Equity - Budget and Actual - Governmental Funds.....	SS1&SS1A	34-35
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit.....	SS2	36
Schedule of Project Expenditures - Capital Projects Fund.....	SS3	37
Budget Comparison Statement for State and Other Grant Programs - Special Aid and Food Service Funds .....	SS4A	38
Notes to Schedule of Expenditures of Federal Awards.....	SS4B	39
Schedule of Expenditures of Federal Awards .....	SS4C	39
Schedule of Net Investment in Capital Assets .....	SS5	40
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	SS6	41
Schedule of District Contributions - OPEB .....	SS7	42
Schedule of District Contributions – New York State Teachers' Retirement System (NYSTRS) and New York State and Local Employees' Retirement System (NYSLERS).....	SS8	43
Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - New York State Teachers' Retirement System (NYSTRS) and District's Proportionate Share of the Net Pension Liability - New York State and Local Employees' Retirement System (NYSLERS) .....	SS9	44
<b>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"</b> .....		45-46
<b>Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance</b> .....		47-48
<b>Schedule of Findings and Questioned Costs</b> .....		49-50
<b>Schedule of Prior Audit Findings</b> .....		51



## **INDEPENDENT AUDITOR'S REPORT**

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

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, 2021, and the related notes to the financial statements, which collectively comprise the *Pine Valley Central School District's* basic financial statements as listed in the accompanying table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of *Pine Valley Central School District* as of June 30, 2021, 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.

### ***Change in Accounting Principle***

*Pine Valley Central School District* has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District reported a restatement of the Governmental Funds beginning fund balance for the change in accounting principle, as described in Notes 1 and 7 to the financial statements. Our opinion is not modified with respect to the restatement.

### **Report on Summarized Comparative Information**

We have previously audited **Pine Valley Central School District's** June 30, 2020 financial statements, and our report dated September 17, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 34 through 35), schedule of changes in the District's net OPEB liability and related ratios (page 41), schedule of District contributions – OPEB (page 42), schedule of the District's contributions for defined benefit pension plans (page 43), and schedule of the District's share of the net pension asset/liability (page 44), be presented to supplement the basic financial statements. Such information, 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.

#### ***Other 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 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the schedule of expenditures of federal awards, and other schedules 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 14, 2021 on our consideration of **Pine Valley Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **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 14, 2021**

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Page 3**

**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, 2021. 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, 2021:

- Overall net position of the District increased during the current year from operations in the amount of \$2,568,000 as compared to an increase of \$709,000 during the prior fiscal year.
- The District's total revenue increased 2% from \$17,569,000 for the year ended June 30, 2020 to \$17,881,000 for the year ended June 30, 2021 primarily due to an increase in federal aid related to CARES Act funding.
- The District's total expenses decreased approximately 9% from \$16,860,000 during the year ended June 30, 2020 to \$15,313,000 during the year ended June 30, 2021. This decrease was primarily the result a decrease in instructional related expenses including salaries and benefits, Boces expenses and materials and supplies.
- The District's had capital outlays during the current year in the amount of approximately \$1,903,000 which primarily related to the 2019 capital reconstruction project, a capital outlay project and vehicle and equipment 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 10) 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 11) 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.

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Page 4**

**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**

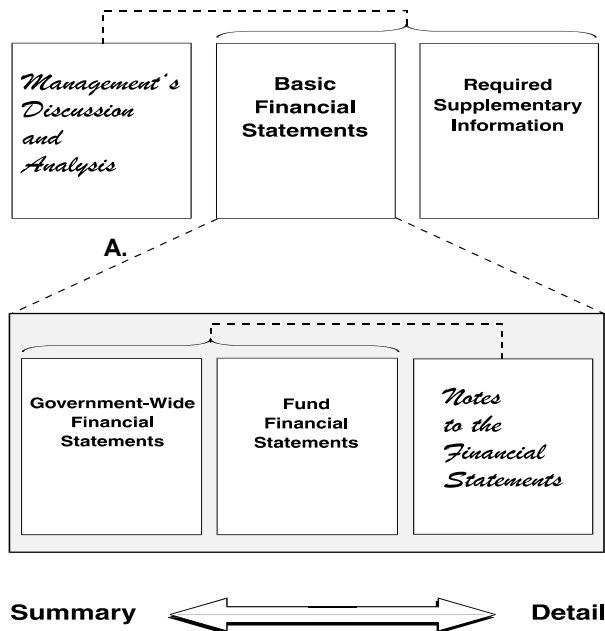
	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit 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 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 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



**PINE VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Page 5**

**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 \$25,621,000. The components of net position include: net investment in capital assets, of \$20,749,000; restricted net position of \$3,808,000 and unrestricted net position of \$1,064,000.

**Changes in Net Position**

The District's total government-wide revenue increased by approximately 2% to \$17,881,000. Approximately 20%, 6% and 70% 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 decreased 9% to \$15,313,000. The District's expenses cover a range of services, with 70% related to instruction and 16% 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 2%, while total expenses decreased 9%. The District's total net position increased approximately \$2,568,000 during the fiscal year ended June 30, 2021.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$17,881,000 for the fiscal year ended June 30, 2021. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 20% of the District's total revenue for governmental activities increased 6% during the year ended June 30, 2021 due to an increase in payments in lieu of taxes.
- The District's state sources which represent \$12,503,000 or 70% of total governmental revenue. The District's state sources decreased approximately 2% during the current year. The District received a decrease in State basic aid during the current year.
- The District's federal sources increased due to monies received related to the COVID-19 pandemic.
- During the year ended June 30, 2021, the District saw a decrease in program revenue, which resulted from a decrease in charges for services of \$76,000 and an increase in operating grants and contributions of \$29,000. The decrease in charges for services is primarily related to a decrease in tuition billings and meals served during the COVID-19 pandemic.

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Page 6**

**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 \$15,313,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support costs increased by approximately \$253,000 or 11%. This increase was primarily the result of an increase in salaries and maintenance supplies.
- The District's instruction costs decreased by approximately \$1,520,000 or 12% which was primarily the result of a decrease in salaries and benefits, Boces expenses and materials and supplies.
- Debt service costs decreased \$254,000 during the current year. This decrease was related to a bond refunding in the prior year and lower interest payments in the current year.
- Transportation costs of the District increased \$55,000 or 3% during the year ended June 30, 2021 due to an increase in salaries.
- The District's cost of sales (food service fund) totaled \$299,000 during the current year as compared to \$360,000 during the fiscal year ended June 30, 2020. This decrease was the result of less meals served during the COVID-19 pandemic.
- The District received approximately \$1,170,000 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 (\$14.1 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> <b>Condensed Statement of Net Position (in thousands of dollars)</b>			
	Governmental Activities and Total District-wide		
	2021	2020	% Change
<b>Assets</b>			
Current and other assets	\$ 16,067	\$ 7,968	102%
Capital assets	30,558	29,918	2%
Total assets	46,625	37,886	23%
<b>Deferred outflows of resources</b>	4,917	4,536	8%
Total assets and deferred outflows	<b>\$ 51,542</b>	<b>\$ 42,422</b>	<b>21%</b>
<b>Liabilities</b>			
Other liabilities	\$ 9,072	\$ 687	1221%
Long-term liabilities	13,575	16,945	-20%
Total liabilities	22,647	17,632	28%
<b>Deferred inflows of resources</b>	3,274	1,835	78%
<b>Net position</b>			
Net investment in capital assets	20,749	19,609	6%
Restricted	3,808	2,734	39%
Unrestricted	1,064	612	74%
Total net position	25,621	22,955	12%
Total liabilities, deferred inflows and net position	<b>\$ 51,542</b>	<b>\$ 42,422</b>	<b>21%</b>

**Figure A-4 – Changes in Net Position**

<i>Pine Valley Central School District</i> <b>Changes in Net Position from Operating Results (in thousands of Dollars)</b>			
	Governmental Activities and Total District-wide		
	2021	2020	% Change
<b>Revenue</b>			
Program revenue			
Charges for services	\$ 121	\$ 197	-39%
Operating grants and contributions	1,049	1,020	3%
General revenue			
Real property taxes	3,546	3,361	6%
Use of money & property	11	27	-59%
Sale of property & comp for loss	88	4	2100%
State sources	12,503	12,804	-2%
Federal sources	334	57	486%
Miscellaneous	229	99	131%
Total revenue	17,881	17,569	2%
<b>Expenses</b>			
General support	2,491	2,238	11%
Instruction	10,741	12,261	-12%
Transportation	1,680	1,625	3%
Community services	1	21	-95%
Debt service - interest	101	355	-72%
Food service program	299	360	-17%
Total expenses	15,313	16,860	-9%
<b>Change in net position</b>	<b>\$ 2,568</b>	<b>\$ 709</b>	

# PINE VALLEY CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Page 7

Figure A-5 – Sources of revenue

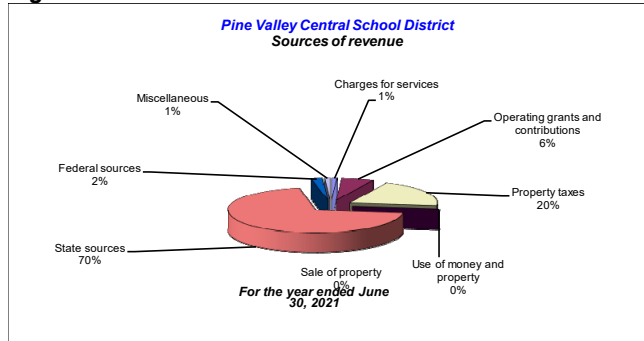


Figure A-6 - Expenses

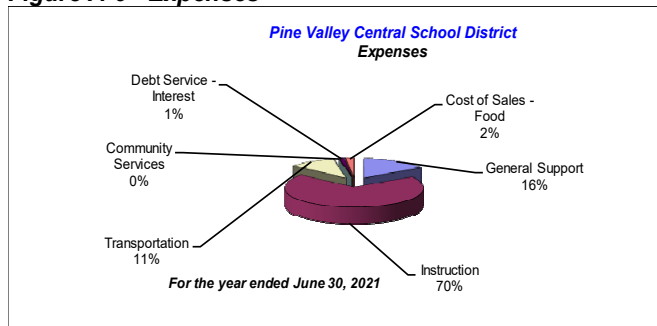


Figure A-7 – Expenditures Supported with Program Revenue

<b>Pine Valley Central School District</b>				
<b>Expenditures supported with program revenue (in thousands of dollars)</b>				
	Governmental Activities & Total District			
	2021		2020	
Expenditures supported with general revenue (from taxes & other sources)	\$ 14,143	92%	\$ 15,643	93%
Expenditures supported with program revenue	1,170	8%	1,217	7%
<b>Total expenditures related to governmental activities</b>	<b>\$ 15,313</b>	<b>100%</b>	<b>\$ 16,860</b>	<b>100%</b>

Figure A-8 – Net Cost of Governmental Activities

<b>Pine Valley Central School District</b>						
<b>Net Cost of Governmental Activities (in thousands of dollars)</b>						
	Total cost of services			Net cost of services		
	2021	2020	Change	2021	2020	Change
General support	\$ 2,491	\$ 2,238	\$ 253	\$ 2,491	\$ 2,238	\$ 253
Instruction	10,741	12,261	(1,520)	9,900	11,495	(1,595)
Transportation	1,680	1,625	55	1,669	1,607	62
Community Services	1	21	(20)	1	21	(20)
Debt service - interest	101	355	(254)	101	355	(254)
Cost of sales - food	299	360	(61)	(19)	(73)	54
<b>Total</b>	<b>\$ 15,313</b>	<b>\$ 16,860</b>	<b>\$ (1,547)</b>	<b>\$ 14,143</b>	<b>\$ 15,643</b>	<b>\$ (1,500)</b>

## 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 \$1,874,000.
- The District's general fund unassigned fund balance equated to approximately \$3,322,000 as of June 30, 2021.
- The District had many fund balance reserves during the year ended June 30, 2021, and had a total restricted fund balance of approximately \$3,211,000.
- The District's total assets increased approximately \$1,988,000 as of June 30, 2021 due to an increase in cash. The District's liabilities increased approximately \$114,000 as a result of an increase to the TRS and ERS accrual and accounts payable.
- Total revenue in the District's general fund increased \$233,000 which was primarily related to an increase in federal aid. Total expenditures in the District's general fund decreased \$2,446,000 resulting from a decrease in interfund transfers and instructional costs.

### Food Service Fund

- The District's food service fund experienced a \$29,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$328,000 during 2021 as compared with \$443,000 in 2020. Expenditures were \$299,000 during 2021 as compared with \$360,000 in 2020. These decreases were the result of decrease in meals served due to the COVID-19 pandemic.

### Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$103,000 or 16% in the current year primarily related to an increase in Title I spending.

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Page 8**

**VI. General Fund Budgetary Highlights**

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$975,000 below the revised budget. The most significant positive variances were in the areas of instruction and employee benefits which totaled \$794,000 and \$ 193,000 respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$1,104,000 above the final budgeted amount. With the most significant variances being local sources which were \$ 326,000 above and state sources which were \$523,000 above, that budgeted.

**Figure A-9 – Budget vs. Actual Comparison**

<i>Pine Valley Central School District</i>			
<b>General Fund - Budget vs Actual Comparison (in thousands of dollars)</b>			
	Revised Budget	Actual	Difference
<b>Revenue</b>			
Local sources	\$ 3,571	\$ 3,897	\$ 326
State sources	11,980	12,503	523
Federal sources	40	334	294
Operating transfers	40	1	(39)
<b>Total revenue</b>	<b>\$ 15,631</b>	<b>\$ 16,735</b>	<b>\$ 1,104</b>
<b>Expenditures</b>			
General support	\$ 1,856	\$ 1,830	\$ 26
Instruction	7,722	6,928	794
Transportation	999	940	59
Employee benefits	2,848	2,655	193
Debt service	2,277	2,246	31
Community services	107	1	106
Interfund transfers	27	261	(234)
<b>Total expenditures</b>	<b>\$ 15,836</b>	<b>\$ 14,861</b>	<b>\$ 975</b>

**VII. Capital Assets and Debt Administration**

Capital Assets

As depicted in Figure A-10, as of June 30, 2021, the District had invested approximately \$30,558,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2021, totaled approximately \$1,903,000 and consisted primarily of the purchase of new vehicles and capital improvements related to the District's capital outlay project and 2019 capital project. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2021, the District had approximately \$13,575,000 in bonds, net pension liabilities, compensated absences and post-employment benefits, a decrease of approximately 20% as compared with the previous year. The decrease in bonds payable was the result of current year principal payments. The decrease in other post-employment benefits was a result of actuarial updates. The net pension liability related to the New York State ERS system decreased while the New York State TRS system changed from a net pension asset to a net pension liability in the current year.

**Figure A-10 – Capital Assets**

<i>Pine Valley Central School District</i>			
<b>Capital Assets (net of depreciation)</b>			
	Governmental Activities & Total District-wide		
	2021	2020	Change
Land	\$ 17,550	\$ 17,550	0%
Construction-in-progress	2,352,927	683,684	244%
Building and improvements	39,362,889	39,362,889	0%
Furniture, equipment & vehicles	5,400,590	5,166,619	5%
Accumulated depreciation	(16,576,139)	(15,312,454)	8%
<b>Total Capital Assets, net</b>	<b>\$ 30,557,817</b>	<b>\$ 29,918,288</b>	<b>2%</b>

**Figure A-11 – Outstanding Long-term Debt**

<i>Pine Valley Central School District</i>			
<b>Outstanding Long-Term Debt and Liabilities</b>			
	Governmental Activities & Total District-wide		
	2021	2020	Change
Bonds payable	\$ 9,019,851	\$ 11,191,306	-19%
Net pension liabilities	690,396	1,723,728	-60%
Compensated Absences	384,763	351,256	10%
Other post-employment benefits	3,480,076	3,678,342	-5%
<b>Total Long-Term Debt</b>	<b>\$ 13,575,086</b>	<b>\$ 16,944,632</b>	<b>-20%</b>

**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, 2021**

**Schedule 1**

**Page 10**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash		
Unrestricted	\$ 4,192,372	\$ 2,080,504
Restricted	3,806,689	2,734,550
Receivables		
State and federal aid	1,547,414	1,440,565
Due from other governments	120,743	165,020
Other receivables	13,599	57
Inventories	5,451	5,490
Net pension asset	-	659,387
Cash to be used for capital assets	6,381,243	881,922
Capital assets, net	30,557,817	29,918,288
Total assets	<u>46,625,328</u>	<u>37,885,783</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	4,233,988	3,451,442
Deferred outflows related to OPEB	682,409	1,084,507
Total deferred outflows of resources	<u>4,916,397</u>	<u>4,535,949</u>
 Total assets and deferred outflows of resources	 <u>\$ 51,541,725</u>	 <u>\$ 42,421,732</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 1,268,233	\$ 120,266
Accrued liabilities	39,518	14,501
Accrued interest	72,000	46,000
Due to other governments	79	218
Due to retirement systems	507,690	470,490
Unearned revenue	14,815	35,595
Bond anticipation notes payable	7,170,000	-
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,460,000	2,020,000
Portion due or payable after one year		
Bonds payable	7,559,851	9,171,306
Net pension liabilities	690,396	1,723,728
Compensated absences	384,763	351,256
Other post-employment benefits	3,480,076	3,678,342
Total liabilities	<u>22,647,421</u>	<u>17,631,702</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	2,663,511	1,084,186
Deferred inflows related to OPEB	610,793	750,428
Total deferred inflows of resources	<u>3,274,304</u>	<u>1,834,614</u>
<b>Net Position</b>		
Net investment in capital assets	20,749,209	19,608,904
Restricted	3,806,689	2,734,550
Unrestricted	1,064,102	611,962
Total net position	<u>25,620,000</u>	<u>22,955,416</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 51,541,725</u>	<u>\$ 42,421,732</u>

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Schedule 2**

**Page 11**

					2021	2020
		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
<b>Functions/Programs</b>						
General support	\$ 2,300,803	\$ 190,568	\$ -	\$ -	\$ (2,491,371)	\$ (2,238,301)
Instruction	10,018,663	721,642	119,559	721,000	(9,899,746)	(11,494,847)
Pupil transportation	1,328,346	351,475	-	11,287	(1,668,534)	(1,606,662)
Community services	1,366	-	-	-	(1,366)	(21,496)
Debt service	100,943	-	-	-	(100,943)	(355,010)
Food service program	298,776	-	1,219	316,763	19,206	73,147
Depreciation	1,263,685	(1,263,685)	-	-	-	-
Total functions and programs	\$ 15,312,582	\$ -	\$ 120,778	\$ 1,049,050	(14,142,754)	(15,643,169)
<b>General Revenues</b>						
Real property taxes					3,545,988	3,360,692
Use of money and property					11,466	27,416
Sale of equipment and compensation for loss					88,829	4,598
Miscellaneous					229,315	98,628
State sources					12,502,684	12,803,878
Federal sources					334,411	56,986
Total general revenues					16,712,693	16,352,198
<b>Change in net position</b>					2,569,939	709,029
Net position - beginning of year					22,955,416	22,246,387
Prior period adjustment - new accounting pronouncement					94,645	-
<b>Net position - end of year</b>					\$ 25,620,000	\$ 22,955,416

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2021**

**Schedule 3**

**Page 12**

	<i>Governmental Funds</i>							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	2021 Total	2020 (Memo only) Total
<b>Assets</b>								
Unrestricted cash	\$ 2,645,299	\$ 379,451	\$ 22,434	\$ -	\$ -	\$ -	\$ 3,047,184	\$ 2,079,714
Restricted cash	3,210,609	-	-	584,015	7,445,300	93,196	11,333,120	3,617,262
Due from other funds	886,928	-	-	-	-	-	886,928	493,416
State and federal aid receivable	946,751	511,190	89,473	-	-	-	1,547,414	1,440,565
Due from other governments	120,743	-	-	-	-	-	120,743	165,020
Other receivables	-	-	13,599	-	-	-	13,599	57
Inventories	-	-	5,451	-	-	-	5,451	5,490
Total assets	<u>\$ 7,810,330</u>	<u>\$ 890,641</u>	<u>\$ 130,957</u>	<u>\$ 584,015</u>	<u>\$ 7,445,300</u>	<u>\$ 93,196</u>	<u>\$ 16,954,439</u>	<u>\$ 7,801,524</u>
<b>Liabilities and Fund Equity</b>								
<b>Liabilities</b>								
Accounts payable	\$ 190,994	\$ 13,918	\$ 156	\$ -	\$ 1,063,165	\$ -	\$ 1,268,233	\$ 120,266
Accrued liabilities	39,345	-	173	-	-	-	39,518	14,501
Unearned revenue	10,129	-	4,686	-	-	-	14,815	35,595
Bond anticipation notes payable	-	-	-	-	7,170,000	-	7,170,000	-
Due to other funds	-	876,723	9,313	-	892	-	886,928	493,416
Due to other governments	-	-	79	-	-	-	79	218
Due to Teachers' Retirement System	409,714	-	-	-	-	-	409,714	396,928
Due to Employees' Retirement System	84,292	-	13,684	-	-	-	97,976	73,562
Total liabilities	<u>734,474</u>	<u>890,641</u>	<u>28,091</u>	<u>-</u>	<u>8,234,057</u>	<u>-</u>	<u>9,887,263</u>	<u>1,134,486</u>
<b>Fund Equity</b>								
Nonspendable	-	-	5,451	-	-	-	5,451	5,490
Restricted	3,210,609	-	-	584,015	-	12,065	3,806,689	2,734,550
Committed	-	-	-	-	-	81,131	81,131	-
Assigned	542,941	-	97,415	-	-	-	640,356	1,135,360
Unassigned (deficit)	3,322,306	-	-	-	(788,757)	-	2,533,549	2,791,638
Total fund equity	<u>7,075,856</u>	<u>-</u>	<u>102,866</u>	<u>584,015</u>	<u>(788,757)</u>	<u>93,196</u>	<u>7,067,176</u>	<u>6,667,038</u>
Total liabilities and fund equity	<u>\$ 7,810,330</u>	<u>\$ 890,641</u>	<u>\$ 130,957</u>	<u>\$ 584,015</u>	<u>\$ 7,445,300</u>	<u>\$ 93,196</u>	<u>\$ 16,954,439</u>	<u>\$ 7,801,524</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, 2021**

**Schedule 4**

**Page 13**

	Governmental Funds						2021	2020
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
<b>Revenue</b>								
Real property taxes	\$ 3,545,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,545,988	\$ 3,360,692
Use of money and property	7,292	-	27	4,134	-	40	11,493	27,427
Charges for services	119,559	-	-	-	-	-	119,559	154,738
Sale of property compensation for loss	88,829	-	-	-	-	-	88,829	4,598
Miscellaneous	135,189	-	244	-	-	24,114	159,547	100,101
State sources	12,502,684	100,104	10,784	-	-	-	12,613,572	12,989,494
Federal sources	334,411	632,183	296,587	-	-	-	1,263,181	872,675
Surplus food	-	-	9,392	-	-	-	9,392	18,850
Sales (school food service)	-	-	948	-	-	-	948	40,578
Total revenue	16,733,952	732,287	317,982	4,134	-	24,154	17,812,509	17,569,153
<b>Expenditures</b>								
General support	1,829,569	-	136,194	-	-	-	1,965,763	1,754,740
Instruction	6,928,214	620,641	-	-	-	-	7,548,855	8,679,340
Pupil transportation	940,072	11,287	-	-	233,971	-	1,185,330	1,122,611
Community services	1,366	-	-	-	-	-	1,366	21,496
Employee benefits	2,654,529	117,359	38,906	-	-	-	2,810,794	2,668,413
Debt service								
Principal	2,020,000	-	-	-	-	-	2,020,000	1,920,000
Interest	226,398	-	-	-	-	-	226,398	360,844
Capital outlay	-	-	-	-	1,669,243	-	1,669,243	768,599
Cost of sales	-	-	110,760	-	-	-	110,760	187,035
Other expenses	-	-	12,916	-	-	25,603	38,519	9,445
Total expenditures	14,600,148	749,287	298,776	-	1,903,214	25,603	17,577,028	17,492,523
Excess (deficiency) of revenue over expenditures	2,133,804	(17,000)	19,206	4,134	(1,903,214)	(1,449)	235,481	76,630
<b>Other sources and uses</b>								
Proceeds from serial bond refunding	-	-	-	-	-	-	-	3,130,000
Premiums earned on financing	-	-	-	70,012	-	-	70,012	135,398
Payment to escrow agent for bond refunding	-	-	-	-	-	-	-	(3,265,398)
Operating transfers in	1,436	17,000	10,000	-	233,971	-	262,407	1,591,170
Operating transfers out	(260,971)	-	-	-	(1,436)	-	(262,407)	(1,591,170)
Total other sources (uses)	(259,535)	17,000	10,000	70,012	232,535	-	70,012	-
<b>Excess (deficiency) of revenue and other sources over expenditures and other uses</b>	1,874,269	-	29,206	74,146	(1,670,679)	(1,449)	305,493	76,630
Fund equity, beginning of year	5,201,587	-	73,660	509,869	881,922	-	6,667,038	6,590,408
Prior period adjustment - new accounting pronouncement	-	-	-	-	-	94,645	94,645	-
<b>Fund equity (deficit), end of year</b>	<b>\$ 7,075,856</b>	<b>\$ -</b>	<b>\$ 102,866</b>	<b>\$ 584,015</b>	<b>\$ (788,757)</b>	<b>\$ 93,196</b>	<b>\$ 7,067,176</b>	<b>\$ 6,667,038</b>

**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, 2021**

---

**Total fund balances - governmental funds** \$ 7,067,176

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets	\$ 47,133,956	
Accumulated depreciation	<u>(16,576,139)</u>	30,557,817

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. (72,000)

Net deferred outflows 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. 1,570,477

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. 71,616

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	(9,019,851)	
Net pension liabilities	(690,396)	
Compensated absences	(384,763)	
Other post-employment benefits	<u>(3,480,076)</u>	(13,575,086)

**Total net position - governmental activities** \$ 25,620,000

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
<b>Assets</b>					
Cash	\$ 14,380,304	\$ -	\$ -	\$ (6,381,243)	\$ 7,999,061
Due from other funds	886,928	-	-	(886,928)	-
State and federal aid receivable	1,547,414	-	-	-	1,547,414
Due from other governments	120,743	-	-	-	120,743
Other receivables	13,599	-	-	-	13,599
Inventories	5,451	-	-	-	5,451
Cash to be used for capital assets	-	-	-	6,381,243	6,381,243
Capital assets, net	-	30,557,817	-	-	30,557,817
Total assets	16,954,439	30,557,817	-	(886,928)	46,625,328
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions and OPEB	-	4,916,397	-	-	4,916,397
Total assets and deferred outflows of resources	\$ 16,954,439	\$ 35,474,214	\$ -	\$ (886,928)	\$ 51,541,725
<b>Liabilities, Deferred Inflows of Resources and Fund Equity</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,268,233	\$ -	\$ -	\$ -	\$ 1,268,233
Accrued liabilities	39,518	-	-	-	39,518
Unearned revenue	14,815	-	-	-	14,815
Accrued interest	-	-	72,000	-	72,000
Due to other funds	886,928	-	-	(886,928)	-
Due to other governments	79	-	-	-	79
Due to retirement systems	507,690	-	-	-	507,690
Bond anticipation notes payable	7,170,000	-	-	-	7,170,000
Bonds payable	-	-	9,019,851	-	9,019,851
Net pension liabilities	-	-	690,396	-	690,396
Compensated absences	-	-	384,763	-	384,763
Other post-employment benefits	-	-	3,480,076	-	3,480,076
Total liabilities	9,887,263	-	13,647,086	(886,928)	22,647,421
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions and OPEB	-	-	3,274,304	-	3,274,304
<b>Fund equity and net position</b>	7,067,176	35,474,214	(16,921,390)	-	25,620,000
Total liabilities, deferred inflows of resources, and fund equity/net position	\$ 16,954,439	\$ 35,474,214	\$ -	\$ (886,928)	\$ 51,541,725

**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, 2021**

<b>Total net change in fund balances - governmental funds</b>	<b>\$ 305,493</b>
---	-------------------

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 expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 1,903,214	
Depreciation expense	<u>(1,263,685)</u>	639,529

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.	2,145,455
---	-----------

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.

(422,834)
-----------

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.

(64,197)
----------

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.

<u>(33,507)</u>
-----------------

**Change in net position of governmental activities**

<b><u>\$ 2,569,939</u></b>
----------------------------

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
<b>Revenue</b>					
Real property taxes	\$ 3,545,988	\$ -	\$ -	\$ -	\$ 3,545,988
Use of money and property	11,493	-	-	(27)	11,466
Charges for services	119,559	-	-	(119,559)	-
Sale of property/compensation for loss	88,829	-	-	-	88,829
Miscellaneous	159,547	-	-	69,768	229,315
State sources	12,613,572	-	-	(110,888)	12,502,684
Federal sources	1,263,181	-	-	(928,770)	334,411
Surplus food	9,392	-	-	(9,392)	-
Sales (school food service)	948	-	-	(948)	-
Total revenue	17,812,509	-	-	(1,099,816)	16,712,693
<b>Expenditures</b>					
General support	1,965,763	190,568	-	335,040	2,491,371
Instruction	7,548,855	721,642	33,507	1,595,742	9,899,746
Pupil transportation	1,185,330	117,504	-	365,700	1,668,534
Community services	1,366	-	-	-	1,366
Employee benefits	2,810,794	-	487,031	(3,297,825)	-
Debt service	2,246,398	-	(2,145,455)	-	100,943
Capital outlay	1,669,243	(1,669,243)	-	-	-
Cost of sales	110,760	-	-	(129,966)	(19,206)
Other expenses	38,519	-	-	(38,519)	-
Total expenditures	17,577,028	(639,529)	(1,624,917)	(1,169,828)	14,142,754
Excess (deficiency) of revenue over expenditures	235,481	639,529	1,624,917	70,012	2,569,939
<b>Other sources and uses</b>					
Operating transfers in	262,407	-	-	(262,407)	-
Operating transfers out	(262,407)	-	-	262,407	-
Premiums from serial bond issuance	70,012	-	-	(70,012)	-
Total other sources (uses)	70,012	-	-	(70,012)	-
<b>Net change for year</b>	<b>\$ 305,493</b>	<b>\$ 639,529</b>	<b>\$ 1,624,917</b>	<b>\$ -</b>	<b>\$ 2,569,939</b>

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Page 16**

**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 now being reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are now reported in a miscellaneous special revenue fund of the District. Under previous guidance the cash and investment balances were reported as agency funds. 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 \$2,361,000 for BOCES administration, program and capital costs. The District's share of BOCES aid, rental charges and refunds amounted to \$1,038,000 for the year ended June 30, 2021. 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, 2021**

**Page 17**

**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, 2021**

**Page 18**

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

**E. 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.



**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 19**

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

**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 \$384,763 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:

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Page 20**

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

**Page 21**

**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, 2021.

**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 \$96,177 as of June 30, 2021.

**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, 2022 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 Assets**

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation 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, 2021**

**Page 22**

**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, 2021**

**Page 23**

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

**U. New Accounting Pronouncement**

Effective July 1, 2020, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance, all fiduciary funds will now report a net position and a statement of changes in net position. Implementation of this guidance resulted in reclassification of extraclassroom activities, scholarship activities and payroll transactions in fiduciary activities to governmental activities and the creation of additional funds to account for these activities.

**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 items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

**3. Long-term Debt Transaction Differences**

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

**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, 2021**

**Page 24**

**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, 2021, 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, 2021 per bank were approximately \$15,060,000. These deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 500,000	\$14,560,000	\$ -	\$15,060,000

**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 institution's 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 \$ 5,000

**II. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance 6/30/20	Additions Net of Disposals	Ending Balance 6/30/21
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 17,550	\$ -	\$ 17,550
Construction-in-progress	683,684	1,669,243	2,352,927
Total non-depreciable capital assets	701,234	1,669,243	2,370,477
Capital assets that are depreciated:			
Buildings and improvements	39,362,889	-	39,362,889
Furniture and equipment	5,166,619	233,971	5,400,590
Total depreciable historical cost	44,529,508	233,971	44,763,479
Total cost	45,230,742		47,133,956
Less accumulated depreciation:	15,312,454	1,263,685	16,576,139
Total net book value	\$29,918,288		\$30,557,817

Depreciation

Depreciation expense was charged to governmental functions as follows:

General support	\$ 190,568
Instruction	721,642
Pupil transportation	351,475
	<u>\$ 1,263,685</u>

Total additions during the current year amounted to approximately \$1,903,000.

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 25**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**III. Interfund Transactions**

Interfund balances at June 30, 2021 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 886,928	\$ -
Special Aid Fund	-	876,723
Debt Service Fund	-	-
School Lunch Fund	-	9,313
Capital Project Fund	-	892
Total	<u>\$ 886,928</u>	<u>\$ 886,928</u>

Interfund transfers consisted of the following during the fiscal year ended June 30, 2021:

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,436	\$ 260,971
Special Aid Fund	17,000	-
Debt Service Fund	-	-
School Lunch Fund	10,000	-
Capital Projects Fund	233,971	1,436
Total	<u>\$ 262,407</u>	<u>\$ 262,407</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. The District also transferred \$10,000 to the school lunch fund to subsidize operations. Finally the District transferred \$233,971 from the general fund to the capital projects fund related to bus purchases and \$1,436 from the capital fund to the general fund related to the closeout of the 2019 capital outlay project as approved by the voters and Board of Education.

**IV. Receivables**

Receivables at June 30, 2021 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.

**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

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**1. Plan Descriptions and Benefits Provided**

**a. Teachers' Retirement System (TRS)**  
**(continued)**

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](http://www.nystrs.org).

**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](http://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.

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 26**

**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) (continued)**

**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.

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

	ERS	TRS
2021	\$ 350,000	\$ 384,000
2020	\$ 284,000	\$ 372,000
2019	\$ 296,000	\$ 451,000

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

**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)**

At June 30, 2021, 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, 2021 for ERS and June 30, 2020 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 3/31/2021	TRS 6/30/2020
Measurement date		
Net pension asset (liability)	\$ (7,509)	\$ (682,887)
District's portion of the Plan's total net pension liability	.0075414%	0.024713%

For the year ended June 30, 2021, the District's recognized pension expense of \$215,531 for ERS and \$963,205 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 91,708	\$ 598,345	\$ -	\$ 34,997
Changes of assumptions	1,380,710	863,693	26,041	307,861
Net difference between projected and actual earnings on pension plan investments	-	445,985	2,157,101	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	162,096	209,496	25,651	111,860
District's contributions subsequent to the measurement date	97,976	383,979	-	-
Total	\$ 1,732,490	\$ 2,501,498	\$ 2,208,793	\$ 454,718



**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 27**

**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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ending:		
2022	\$ (92,904)	\$ 309,821
2023	(12,626)	580,807
2024	(83,901)	465,995
2025	(384,848)	274,089
2026	-	(3,348)
Thereafter	-	35,436

**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:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/21	6/30/20
Actuarial valuation date	4/1/20	6/30/19
Interest rate	5.9%	7.1%
Salary scale	4.4% average	1.90% - 4.72%
	4/1/15 – 3/31/20	7/1/09 – 6/30/14
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.7%	2.2%

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**4. Actuarial Assumptions (continued)**

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-2019, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 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, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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 3/31/21	Expected Rate of Return	TRS 6/30/20	Expected Rate of Return
<b>Asset Type:</b>				
Domestic Equity	32%	4.05%	33%	7.1%
International Equity	15%	6.30%	16%	7.7%
Global Equity	-%	-%	4%	7.4%
Private Equity	10%	6.75%	8%	10.4%
Real Estate	9%	4.95%	11%	6.8%
Opportunistic/ARS portfolio	3%	4.50%	-%	-%
Credit	4%	3.63%	-%	-%
Real assets	3%	5.95%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.8%
Global fixed income securities	-%	-%	2%	1.0%
Real estate debt	-%	-%	7%	3.6%
Private debt	-%	-%	1%	5.2%
High-yield fixed income	-%	-%	1%	3.9%
Fixed income	23%	-%	-%	-%
Cash	1%	.5%	1%	0.7%
Total:	100%		100%	

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 28**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**V. Liabilities (continued)**

**A. Pension Plans (continued)**

**5. Discount Rate**

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 7.1% 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).

**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 7.1% 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 6.1% for TRS) or 1-percentagepoint higher (6.9% for ERS and 8.1% 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)	\$ (2,084,283)	\$ (7,509)	\$ 1,907,763

**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 (continued)**

	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (4,313,561)	\$ (682,887)	\$ 2,364,169

**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	3/31/21	6/30/20
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776
Plan net position	\$ 220,580,583	\$ 120,479,505
Employers' net pension asset (liability)	\$ (99,574)	\$ (2,763,271)
Ratio of plan net position to be Employers' total pension asset (liability)	99.95%	97.8%

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 29**

**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, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$97,976.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$409,714 of which \$383,979 is related to employer contributions and \$25,735 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, 2021 the plan had total active employees of 130 and retirees of 52.

**Total OPEB Liability**

The District's total OPEB liability of \$3,480,076 was measured as of March 31, 2021 and was determined by an actuarial valuation as of July 1, 2019.

**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, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.22% per year
Salary increases	3.11% per year
Discount rate	2.27% as of June 30, 2021 and 2.48% as of June 30, 2020
Healthcare cost trend rates	2021 – 4% to an ultimate rate of 4.08% after 2070.
Retirees' share of benefit-related costs	District pays 83% for single and 83% 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-2020, fully generational.

The actuarial assumptions used in the July 1, 2019 valuation represent a long-term expectation of future OPEB outcomes.

**Changes in the Total OPEB Liability**

Service cost	\$	187,197
Interest		91,673
Change of benefit terms		-
Differences between expected and actual experience		(394,586)
Changes in assumptions or other inputs		86,502
Benefit payments		(169,052)
Net changes		(198,266)
Net OPEB liability – beginning of year		3,678,342
Net OPEB liability – end of year	\$	3,480,076

Changes in assumptions reflect a change in the discount rate from 2.48% in 2020 to 2.27% in 2021. Also, salary scale changes from 3.22% to 3.11%. Mortality improvement scale was updated from MP-2019 to MP-2020 and healthcare cost trend rates were also updated.

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 30**

**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 (1.27%) or 1 percentage point higher (3.27%) than the current discount rate:

	1% Decrease (1.27%)	Current Assumption (2.48%)	1% Increase (3.27%)
Total OPEB liability	\$ 3,780,181	\$ 3,480,076	\$ 3,203,829

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 (3.0%- 3.08%)	Current Assumption (4.0%- 4.08%)	1% Increase (5.0%- 5.08%)
Total OPEB liability	\$ 3,128,769	\$ 3,480,076	\$ 3,887,262

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$235,989. At June 30, 2021, 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	\$ 380,365	\$ 610,793
Changes in assumptions or other inputs	259,781	--
Benefits subsequent to measurement date	42,263	
Total	<u>\$ 682,409</u>	<u>\$ 610,793</u>

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:	
2022	\$ (21,933)
2023	51,286
2024	-
2025	-
2026	-
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. One June 16, 2021, the District issued a \$7,170,000 bond anticipation note. The note carries interest at 1.25% and matures on June 15, 2022.

**b. Short-Term Debt Interest**

Total interest incurred on short-term debt was \$0 during the fiscal year ended June 30, 2021.

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 31**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**V. Liabilities (continued)**

**C. Indebtedness**

**2. Long-Term Debt**

**a. Debt Limit**

At June 30, 2021, the total outstanding indebtedness represented approximately 72% 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 \$226,398 of expenditures for long-term debt interest in the governmental fund financial statements during the fiscal year ended June 30, 2021.

**d. Changes**

The School District's indebtedness, as of June 30, 2021 and 2020 are summarized as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2021</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2020</u></b>
Serial bonds	\$ 8,785,000	\$ 10,805,000
Premium on obligation	234,851	386,306
Compensated absences	384,763	351,256
Net pension liability – ERS	7,509	1,723,728
Net pension liability – TRS	682,887	-
Other post-employment benefit	3,480,076	3,678,342
	<b><u>\$ 13,575,086</u></b>	<b><u>\$ 16,944,632</u></b>

**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 \$2,020,000 during the current fiscal year and recorded one year of amortization expense in the amount of \$151,455. The net change in compensated absences was an increase of \$33,507 during the fiscal year ended June 30, 2021. The net change in other post-employment benefit liability was a decrease of \$198,266. Also, the decrease in the net pension liability - ERS was \$1,716,219 while the TRS system went from a net pension asset to a net pension liability due to actuarial updates.

**e. Summary**

- The following is a summary of maturity of indebtedness:

<b><u>Description</u></b>	<b><u>Outstanding</u></b> <b><u>June 30, 2021</u></b>
Serial Bonds, issued in 2020 (to refund 2008 and 2010 series) with maturity date of 2024, bonds carry interest at 2%-4%	\$ 2,310,000
Serial Bonds, issued in 2016 with maturity date of 2032, bonds carry interest at 2%.	6,475,000
	<b><u>\$ 8,785,000</u></b>

**f. Maturity**

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

<b><u>Year</u></b>	<b><u>Principal</u></b> <b><u>payments</u></b>	<b><u>Interest</u></b> <b><u>payments</u></b>
2022	\$ 1,460,000	\$ 195,050
2023	1,500,000	149,400
2024	1,330,000	119,250
2025	685,000	83,050
2026	700,000	69,200
2027-2031	3,020,000	139,400
2032	90,000	900
Totals	<b><u>\$ 8,785,000</u></b>	<b><u>\$ 756,250</u></b>

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 32**

**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, 2021
<b>Nonspendable:</b>		
Food Service	Inventory	\$ 5,451
<b>Restricted:</b>		
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	344,657
		\$ 3,210,609
Debt Service	Reserve for debt service	\$ 584,015
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 12,065
<b>Committed:</b>		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ 81,131
<b>Assigned:</b>		
General	Appropriated Fund Balance	\$ 446,764
	Encumbrances	96,177
		\$ 542,941
Food Service	Fund Equity	\$ 97,415

**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, 2022 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 \$788,757 as of June 30, 2021. 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 \$3,808,000 which represent restricted amounts in the general, capital 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, 2021**

**Page 33**

**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 \$556,000 as of June 30, 2021 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 \$1,594,377 during the year ended June 30, 2021.

The District also had expenditures in the current year in the amount of \$74,866 related to its capital outlay projects and \$233,971 for bus purchases.

**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. As a result, the District adopted a reopening plan that considered three learning models including; in person, hybrid, and remote learning. The District also provided free breakfast and lunches to all students (except those who opted out) through the Summer Food Service Program.

**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. As of June 30, 2021 the District had expenditures totaling \$247,819 against this funding.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$1,163,000 of CRRSA Act assistance to the District. As of June 30, 2021 the District has spent \$0 of the CRRSA funds.

In March 2021, the American Rescue Plan (ARP) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$2,614,000 of ARP Act assistance to the District. As of June 30, 2021 the District has spent \$0 of the CRRSA 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 – PRIOR PERIOD ADJUSTMENT**

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 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 14, 2021, 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, 2021**

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
<b>Revenues</b>				
<b>Local Sources:</b>				
Real property taxes and tax items	\$ 3,394,124	\$ 3,394,124	\$ 3,545,988	\$ 151,864
Charges for services	67,725	67,725	119,559	51,834
Use of money and property	18,020	18,020	7,292	(10,728)
Sale of property and compensation for loss	1,000	1,000	88,829	87,829
Miscellaneous	90,000	90,000	135,189	45,189
<b>State Sources:</b>				
Basic formula	11,039,576	11,039,576	11,445,504	405,928
BOCES	862,286	862,286	990,372	128,086
Textbooks	48,375	48,375	41,300	(7,075)
All other aid	29,385	29,385	25,508	(3,877)
<b>Federal Sources:</b>				
Medicaid reimbursement	40,000	40,000	86,582	46,582
Cares Act	-	-	247,829	247,829
<b>Total revenue</b>	15,590,491	15,590,491	16,733,952	1,143,461
<b>Other Sources</b>				
Operating transfer in	40,000	40,000	1,436	(38,564)
<b>Total revenue and other sources</b>	15,630,491	15,630,491	16,735,388	\$ 1,104,897
Appropriated fund equity, reserves, and carryover encumbrances	132,780	206,337		
<b>Total revenue, other sources, reserves and appropriated fund equity</b>	\$ 15,763,271	\$ 15,836,828		

See accompanying independent auditor's report.



	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
<b>Expenditures</b>					
<b>General Support:</b>					
Board of education	\$ 27,542	\$ 23,065	\$ 20,277	\$ 1,310	\$ 1,478
Central administration	239,315	272,339	270,953	394	992
Finance	218,299	239,293	238,445	26	822
Staff	79,281	87,147	57,210	14,017	15,920
Central services	900,194	1,082,293	1,102,838	26,626	(47,171)
Special items	158,748	151,985	139,846	-	12,139
<b>Instructional:</b>					
Instruction, administration and improvement	576,152	503,774	460,077	70	43,627
Teaching - regular school	3,202,132	3,175,456	2,840,333	449	334,674
Programs for children with handicapping conditions	2,225,551	2,285,542	2,204,388	40,808	40,346
Teaching - special schools	-	-	-	-	-
Occupational education	403,800	403,800	366,129	-	37,671
Instructional media	774,613	778,574	645,462	65	133,047
Pupil services	575,847	574,830	411,825	7,392	155,613
<b>Pupil Transportation</b>	997,064	999,239	940,072	1,460	57,707
<b>Employee Benefits</b>	2,951,976	2,848,104	2,654,529	3,498	190,077
<b>Community Service</b>	128,844	107,474	1,366	62	106,046
<b>Debt Service:</b>					
Debt service principal	1,985,000	2,020,000	2,020,000	-	-
Debt service interest	291,913	256,913	226,398	-	30,515
<b>Total expenditures</b>	<b>15,736,271</b>	<b>15,809,828</b>	<b>14,600,148</b>	<b>96,177</b>	<b>1,113,503</b>
<b>Other Uses:</b>					
Transfer to other funds	27,000	27,000	260,971	-	(233,971)
<b>Total other uses</b>	<b>27,000</b>	<b>27,000</b>	<b>260,971</b>	<b>-</b>	<b>(233,971)</b>
<b>Total expenditures and other uses</b>	<b>\$ 15,763,271</b>	<b>\$ 15,836,828</b>	<b>14,861,119</b>	<b>\$ 96,177</b>	<b>\$ 879,532</b>
<b>Excess of revenue and other sources over expenditures and other uses</b>			<b>\$ 1,874,269</b>		

**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, 2021**

**Schedule SS1A**

**Page 35**

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
<b>Revenue</b>			
State sources	\$ 6,749	\$ 10,784	\$ 4,035
Federal sources	188,946	296,587	107,641
Sales	34,828	1,192	(33,636)
Surplus food	21,075	9,392	(11,683)
Use of money and property	17	27	10
Interfund transfer	10,000	10,000	-
Total revenue	261,615	327,982	66,367
<b>Expenditures</b>			
General support	131,155	136,194	(5,039)
Employee benefits	26,650	38,906	(12,256)
Cost of sales	96,710	110,760	(14,050)
Other expenses	7,100	12,916	(5,816)
Total expenditures	261,615	298,776	(37,161)
<b>Excess of revenue over expenditures</b>	<u>\$ -</u>	29,206	<u>\$ 29,206</u>
Fund equity, beginning of year		<u>73,660</u>	
<b>Fund equity, end of year</b>		<u>\$ 102,866</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, 2021**

**Schedule SS2**

**Page 36**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted budget	\$ 15,763,271
Additions:	
Encumbrances	73,557
Original budget	15,836,828
Budget revisions:	
Final budget	\$ 15,836,828

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2021-22 voter-approved expenditure budget	\$ 16,437,677
Maximum allowed (4% of 2021-22 budget)	\$ 657,507

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

<b>Unrestricted fund balance:</b>	
Committed fund balance	\$ -
Assigned fund balance	542,941
Unassigned fund balance	3,322,306
Total unrestricted fund balance	3,865,247
<b>Less:</b>	
Appropriated fund balance	446,764
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	96,177
Total adjustments	542,941
<b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law</b>	<b>\$ 3,322,306</b>
<b>Actual percentage</b>	<b>20.21%</b>

\* 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, 2021**

**Schedule SS3**

**Page 37**

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2021
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Capital Outlay 2020	\$ 100,000	\$ 100,000	\$ 11,503	\$ 74,866	\$ -	86,369	\$ 13,631	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 13,631
Capital Outlay 2019	100,000	100,000	98,564	-	1,436	100,000	-	-	-	100,000	100,000	-
Bus Purchase	280,000	280,000	-	233,971	-	233,971	46,029	-	-	233,971	233,971	-
Reconstruction Project - 2019	9,887,212	9,887,212	672,181	1,594,377	-	2,266,558	7,620,654	7,170,000	-	1,464,170	8,634,170	6,367,612
Total	\$ 10,367,212	\$ 10,367,212	\$ 782,248	\$ 1,903,214	\$ 1,436	\$ 2,686,898	\$ 7,680,314	\$ 7,170,000	\$ -	\$ 1,898,141	\$ 9,068,141	\$ 6,381,243
Less: Bond anticipation notes outstanding												(7,170,000)
Total fund equity (deficit) as of June 30, 2021												\$ (788,757)

**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, 2021****Page 38**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2021	\$ 117,104	\$ 117,104	\$ 117,104
Summer food service program	N/A	2021	10,784	10,784	10,784
			<u>\$ 127,888</u>	<u>\$ 127,888</u>	<u>\$ 127,888</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, 2021**

---

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, 2021, the District reported in the Schedule of Federal Awards \$9,392 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, 2021**

**Schedule SS4C**

**Page 39**

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Grant Period	Program or Award Amount	Revenue	Expenditures
<b>US Department of Education:</b>						
<b>Passed through NYS</b>						
<b>Department of Education:</b>						
Title I	84.010A	0021-20-0340	2020	\$ 95,978	\$ 95,978	\$ 95,978
Title I	84.010A	0021-21-0340	2021	354,321	244,981	244,981
IDEA, Part B Section 611 **	84.027A	0032-21-0101	2021	188,529	188,511	188,511
IDEA, Part B Section 619 **	84.173A	0033-21-0101	2021	4,797	4,797	4,797
Title II, Part A	84.367A	0147-20-0340	2020	584	584	584
Title II, Part A	84.367A	0147-21-0340	2021	53,374	52,608	52,608
Title IV	84.424	0204-20-0340	2020	8,974	8,974	8,974
Title IV	84.424	0204-21-0340	2021	25,974	22,851	22,851
Title V	84.358B	0006-20-0340	2020	9,269	12,899	12,899
COVID-19 - CARES Act - ESSERF	84.425D	5890-21-0340	2021	313,327	207,613	207,613
COVID-19 - CARES Act - GEER	84.425C	5895-21-0340	2021	53,104	40,216	40,216
<b>US Department of Agriculture:</b>						
<b>Passed through NYS</b>						
<b>Department of Education;</b>						
COVID-19 Summer Food Service Program ***	10.559	N/A	2021	296,587	296,587	296,587
<b>Passed through NYS</b>						
<b>Office of General Services;</b>						
National School Lunch Program						
Noncash assistance (Donated Commodities) ***	10.555	N/A	2021	9,392	9,392	9,392
Total expenditures and revenue					\$ 1,185,991	\$ 1,185,991

\*\* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 193,308

\*\*\* Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 305,979



**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS**  
**AS OF JUNE 30, 2021**

**Schedule SS5**

**Page 40**

Capital Assets	\$ 30,557,817
Less:	
Serial Bonds	(9,019,851)
Bond anticipation notes	(7,170,000)
Plus:	
Net cash to be used for capital assets	<u>6,381,243</u>
Net investment in capital assets	<u><u>\$ 20,749,209</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, 2021**

**Schedule SS6**

**Page 41**

As of the measurement date of March 31,	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 187,197	\$ 199,139	\$ 159,084	\$ 141,395
Interest	91,673	139,201	101,200	104,285
Change of benefit terms	-	(8,157)	(24,828)	-
Differences between expected and actual experience	(394,586)	(1,095,994)	1,093,546	(93,047)
Changes in assumptions or other inputs	86,502	596,764	32,668	50,151
Benefit payments	(169,052)	(158,528)	(161,477)	(134,621)
Net change in total OPEB liability	(198,266)	(327,575)	1,200,193	68,163
Total OPEB liability - beginning	3,678,342	4,005,917	2,805,724	129,962
Prior period adjustment	-	-	-	2,607,559
Total OPEB liability - ending	<u>\$ 3,480,076</u>	<u>\$ 3,678,342</u>	<u>\$ 4,005,917</u>	<u>\$ 2,805,684</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 169,052	\$ 158,528	\$ 161,477	\$ 134,621
Net investment income	-	-	-	-
Benefit payments	(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>
District's net OPEB liability	<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%
Covered-employee payroll	\$ 5,984,587	\$ 4,958,066	\$ 4,796,890	\$ 4,940,797
District's net OPEB liability as a percentage of covered-employee payroll	58.15%	74.19%	83.51%	56.79%
Notes to Schedule:				
Benefit Changes:	None			
Changes in assumptions:	Discount rate changes - 2.48% to 2.27% effective June 30, 2021			
	Salary scale changes from 3.22% to 3.11% effective June 30, 2021			
	Updated mortality rates and the mortality projection scale to MP-2020, fully generational			
	Updated healthcare cost trend rates to rates effective June 30, 2021			

**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, 2021**

**Schedule SS7**

**Page 42**

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

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	Discount rate of - 2.48% as of June 30, 2020 and 2.27% as of June 30, 2021
Inflation	2.22% per year
Healthcare cost trend rates	2021 - 4%. Rates expected to change each year thereafter with an ultimate rate of 4.08% after 2070.
Salary increases	3.11% per year
Mortality	Scale MP-2020, fully generational
Retiree Cost Sharing	District pays 83% for single and 83% for family - based on years of service
Participants	130 Active and 52 Retirees

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS**  
**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2021**

**Schedule SS8**

**Page 43**

***New York State Teachers' Retirement System***

For the year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 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	(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	\$ 4,029,161	\$ 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	9.53%	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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 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	(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	\$ 2,439,450	\$ 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	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, 2021****Page 44*****New York State Teachers' Retirement System - Net Pension Asset (Liability)***

As of the measurement date of June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	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	\$ (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	\$ 4,194,582	\$ 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	-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 liability	n/a	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 (Liability)***

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	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 (liability)	\$ (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	\$ 2,439,450	\$ 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 (liability) as a percentage of its covered employee payroll	-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 (liability)	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, 2021, 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 14, 2021.

**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.2021-001.

**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.2021-002.

**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 14, 2021**





**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***

We have audited *Pine Valley Central School District's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of *Pine Valley Central School District's* major federal programs for the year ended June 30, 2021. *Pine Valley Central School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of *Pine Valley Central School District's* major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *Pine Valley Central School District's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination on *Pine Valley Central School District's* compliance.

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

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 of its major federal programs for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

Management of *Pine Valley Central School District* is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered *Pine Valley Central School District's* internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

### ***Report on Internal Control Over Compliance (continued)***

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 award 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Purpose of 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 14, 2021**

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 49**

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?

           yes

      x       no

Significant deficiency(ies) identified?

      x       yes

                     none reported

Noncompliance material to financial statements noted?

      x       yes

                     no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

                     yes

      x       no

Significant deficiency(ies) identified?

                     yes

      x       none reported

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

Unmodified

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

                     yes

      x       no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,185,991</u>

**Identification of Major Programs Tested:**

COVID-19 - CARES Act - ESSERF	84.425D	207,613
COVID-19 - CARES Act - GEER	84.425C	40,216
COVID-19 Summer Food Service Program ***	10.559	296,587
Noncash assistance (Donated Commodities) ***	10.555	<u>9,392</u>
Total major programs tested		<u>\$ 553,808</u>
% of Federal programs tested		<u>47%</u>

\*\*\* Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

                     yes

      x       no

**PINE VALLEY CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Page 50**

**II. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2021-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements**

**Year ended June 30, 2021**

**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**

**2021-002 Unassigned Fund Balance**

**Year ended June 30, 2021**

**Conditions and criteria:** *Pine Valley Central School District's* unassigned fund balance as of June 30, 2021 amounted to \$3,322,306. This amount constitutes approximately 20.21% of the 2021-2022 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, 2021 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, 2021**

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

**B. INTERNAL CONTROL OVER COMPLIANCE**

**Year ended June 30, 2021**

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

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**

**Page 51**

**I. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements (Significant deficiency)**

**Year ended June 30, 2020**

**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, 2021 as item II.A.2021-001.

**B. COMPLIANCE AND OTHER MATTERS**

**2020-002 Unassigned Fund Balance**

**Year Ended June 30, 2020**

**Summary of Prior Year Finding:** *Pine Valley Central School District's* unassigned fund balance as of June 30, 2020 amounted to approximately \$2,792,000. This amount constitutes approximately 17.71% of the 2020-2021 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, 2021 as item II.B.2021-002.

**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, 2020.



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, 2021 of the District's financial statements and have issued our reports thereon dated October 14, 2021. 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, 2021, 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, 2017 through June 30, 2021. 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 14, 2021

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

**Page 2**

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Revenue and other sources</b>					
Property taxes	\$ 3,546	\$ 3,361	\$ 3,357	\$ 3,350	\$ 3,301
State aid	12,503	12,804	12,471	12,394	11,525
All other	687	337	450	282	416
	<u>16,736</u>	<u>16,502</u>	<u>16,278</u>	<u>16,026</u>	<u>15,242</u>
<b>Expenditures and other uses</b>					
General support	1,830	1,618	1,695	1,972	1,567
Instruction	6,928	8,108	7,528	6,772	6,505
Transportation	940	1,104	914	860	831
Benefits	2,655	2,586	2,703	2,595	2,660
Debt	2,246	2,281	2,778	2,616	2,840
Community services	1	22	27	26	23
Transfers	261	1,591	503	116	111
	<u>14,861</u>	<u>17,310</u>	<u>16,148</u>	<u>14,957</u>	<u>14,537</u>
<b>Excess (deficiency) of revenue over expenditures</b>	1,875	(808)	130	1,069	705
<b>Fund equity</b>					
Beginning of year	<u>5,201</u>	<u>6,009</u>	<u>5,879</u>	<u>4,810</u>	<u>4,105</u>
End of year	<u>\$ 7,076</u>	<u>\$ 5,201</u>	<u>\$ 6,009</u>	<u>\$ 5,879</u>	<u>\$ 4,810</u>
<b>Analysis of fund equity</b>					
Restricted					
Capital reserve	\$ 348	\$ 582	\$ 2,040	\$ 1,862	\$ 1,044
Reserve for tax certiorari	-	-	-	51	51
Reserve for unemployment insurance	100	35	35	36	46
Reserve for workers' compensation	345	50	50	-	-
Reserve for insurance	100	76	76	76	77
Reserve for employee benefits	851	718	732	738	736
Reserve for ERS	1,237	614	611	609	607
Reserve for TRS	229	150	72	-	-
Assigned	543	185	956	67	214
Unassigned	<u>3,323</u>	<u>2,791</u>	<u>1,437</u>	<u>2,440</u>	<u>2,035</u>
	<u>\$ 7,076</u>	<u>\$ 5,201</u>	<u>\$ 6,009</u>	<u>\$ 5,879</u>	<u>\$ 4,810</u>



**PINE VALLEY CENTRAL SCHOOL DISTRICT  
SUMMARY OF ADDITIONAL COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Page 3**

**Future Governmental Accounting Standards**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extends the implementation dates of new GASB standards for an additional year, including a standard outlined below that may have significance to the District.

**GASB 87- Accounting for Leases**

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2022. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

***District Response: The District will review these new standards and ensure adherence.***



***PINE VALLEY CENTRAL SCHOOL DISTRICT***

***EXTRACLASSROOM ACTIVITY FUND  
FINANCIAL STATEMENT***

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

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

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b> .....	1
<b>Extraclassroom Financial Statements</b>	
Statement of Receipts and Disbursements – Cash Basis.....	2
Note to Financial Statement.....	3



## **INDEPENDENT AUDITOR'S REPORT**

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

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, 2021, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the *Pine Valley Central School District* for the year ended June 30, 2021 on the basis of accounting described in Note 1.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Jamestown, New York  
October 14, 2021**

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS**  
**JULY 1, 2020 THROUGH JUNE 30, 2021**

**Page 2**

	Balances June 30, 2020	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2021
<b>Extraclassroom activities:</b>					
Class Of 2020	\$ 5,650	\$ -	\$ 5,650	\$ -	\$ 5,650
Class Of 2021	9,570	3,162	12,732	9,374	3,358
Class Of 2022	772	7,166	7,938	4,382	3,556
Class Of 2023	4,167	746	4,913	90	4,823
Class Of 2024	-	1,791	1,791	73	1,718
Band Fund	8,026	-	8,026	-	8,026
Middle School Club	3,102	226	3,328	396	2,932
Honor Society	3,885	-	3,885	-	3,885
Jr. Honor Society	937	-	937	-	937
Drama Club	6,696	6,354	13,050	5,667	7,383
Yearbook	13,189	2,990	16,179	2,108	14,071
FFA	3,645	852	4,497	1,414	3,083
Chorus Fund	6,645	-	6,645	-	6,645
Student Council	15,711	82	15,793	729	15,064
<b>Total activity fund</b>	<b>\$ 81,995</b>	<b>\$ 23,369</b>	<b>\$ 105,364</b>	<b>\$ 24,233</b>	<b>\$ 81,131</b>

**PINE VALLEY CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**NOTE TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Page 3**

---

**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 \$ \$81,131 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, 2021, 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 14, 2021**



October 14, 2021

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, 2021. 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 April 27, 2021. 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 84, Fiduciary Activities. The implementation of this new standard resulted in prior period adjustment in which certain extraclassroom funds and scholarship funds were moved from a fiduciary fund type to a governmental fund type as they no longer meet the definition of being a fiduciary activity. Also, certain payroll transactions were reclassified from a fiduciary activity to a general fund activity. 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 5 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 14, 2021.

### ***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.