

**Putnam Valley Central School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2023



# Putnam Valley Central School District, New York

## Table of Contents

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	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	21
Notes to Financial Statements	22
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	52
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	53
Schedule of Contributions	53
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	54
Schedule of Contributions	54
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	55
Schedule of Revenues and Other Financing Sources Compared to Budget	56
Schedule of Expenditures and Other Financing Uses Compared to Budget	58
Capital Projects Fund	
Project-Length Schedule	62
Non-Major Governmental Funds	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	66
Section 1318 of Real Property Tax Law Limit Calculation	66
Schedule of Net Investment in Capital Assets	67

# Putnam Valley Central School District, New York

## Table of Contents (Concluded)

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	<u>Page No.</u>
Federal Programs	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	70
Schedule of Expenditures of Federal Awards	73
Notes to Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75
Summary Schedule of Prior Audit Findings	77



## Independent Auditors' Report

**The Board of Education of the  
Putnam Valley Central School District, New York**

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam Valley Central School District, New York ("School District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and directly relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards is 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 September 21, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 21, 2023

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# Putnam Valley Central School District, New York

Management's Discussion and Analysis (MD&A)  
June 30, 2023

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## Introduction

Our discussion and analysis of the Putnam Valley Central School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. It should be read along with the basic financial statements, which immediately follows this section, to enhance the understanding of the School District's financial performance.

## Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4.0% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,325,801.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$8,207,392, an increase of \$3,139,551 from the prior year. Exclusive of the Capital Projects Fund amount of (\$10,979,091), the combined ending fund balances are \$19,186,483. Of this amount, the unassigned fund balance is \$2,325,801. This amount is available for spending at the discretion of the School District.
- On the district-wide financial statements, the liabilities and deferred inflows of resource exceeded the assets and deferred outflows of resources of the School District at the close of its most recent fiscal year by \$40,017,841. The School District's total net position decreased by \$2,772,265 for the year ended June 30, 2023.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

### ***District-Wide Financial Statements***

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
- The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or

decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

- The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.
- The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### ***Fund Financial Statements***

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid, Debt Service and Capital Projects funds, since the School District has elected to report them as major funds.
- The School District adopts an annual budget for its General Fund and Special Aid Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

## ***Notes to Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

### ***Other Information***

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

## **District-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the School District's financial situation. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the Putnam Valley Central School District, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$40,017,841 at the close of the current fiscal year.

## Net Position

	June 30,	
	2023	2022
Current Assets	\$ 25,108,932	\$ 23,370,274
Net Pension Asset	-	21,420,418
Capital Assets, net	47,892,873	48,161,995
<b>Total Assets</b>	<b>73,001,805</b>	<b>92,952,687</b>
Deferred Outflows of Resources		
Deferred charges on refunding bonds	101,021	118,096
Pension related	14,251,552	14,063,433
OPEB related	7,367,360	10,008,025
	21,719,933	24,189,554
Current Liabilities	17,426,890	18,653,266
Non-Current Liabilities	110,893,855	106,539,001
<b>Total Liabilities</b>	<b>128,320,745</b>	<b>125,192,267</b>
Deferred Inflows of Resources		
Pension related	1,215,425	26,925,839
OPEB related	5,203,409	2,269,711
	6,418,834	29,195,550
<b>Net Position</b>		
Net investment in capital assets	26,680,949	25,199,580
Restricted for		
Future capital projects	3,752,293	2,289,312
Repairs	30,829	30,783
Special purpose	213,471	208,380
Property loss and liability	680,398	679,379
Tax certiorari	940,000	1,172,185
Debt service	4,040,561	3,869,898
Retirement contributions	4,534,871	3,735,053
Unrestricted	(80,891,213)	(74,430,146)
<b>Total Net Position</b>	<b>\$ (40,017,841)</b>	<b>\$ (37,245,576)</b>

A large component of the School District's net position is its investment in capital assets, less any outstanding related debt used to acquire those assets. The School District uses these capital assets to provide services to students and therefore, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2023, the School District reported a net pension liability and deferred inflows/outflows of resources as calculated by the New York State Teachers' and Local Employees' Retirement systems. This liability and the net deferrals are not in custody of, nor are they accessible by the

School District; rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3E of the financial statements for more information on these pension items.

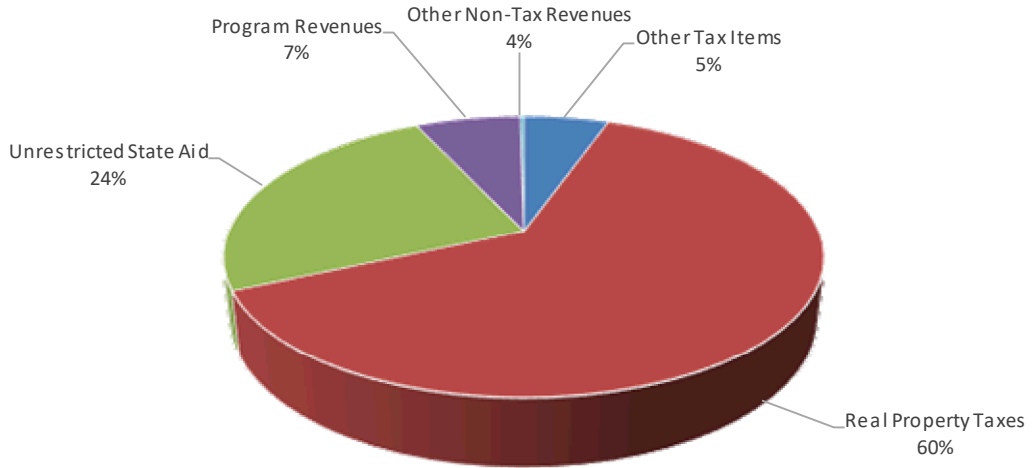
The restricted net position subject to external restrictions constitute \$14,192,423.

Net position decreased by \$2,772,265 for the year ended June 30, 2023.

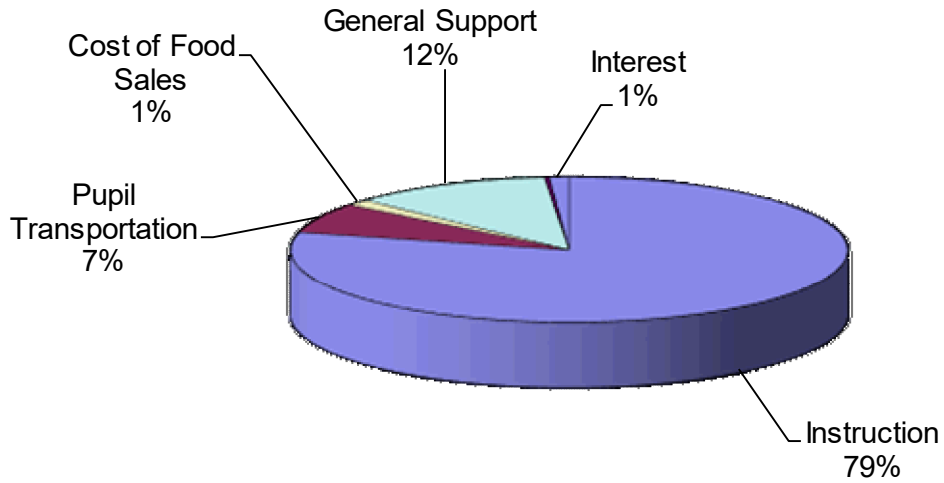
### Changes in Net Position

	Years Ended June 30,	
	2023	2022
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 686,923	\$ 255,864
Operating Grants and Contributions	3,010,072	2,892,379
Capital Grants and Contributions	174,097	243,673
	<u>3,871,092</u>	<u>3,391,916</u>
<b>General Revenues</b>		
Real Property Taxes	36,123,561	35,374,676
Other Tax Items	3,130,972	3,343,385
Non-Property Taxes	134,553	124,869
Unrestricted Earnings on Investments	926,029	(141,600)
Unrestricted State Aid	14,209,379	11,925,773
Miscellaneous	1,314,654	678,515
	<u>55,839,148</u>	<u>51,305,618</u>
Total General Revenues		
	<u>59,710,240</u>	<u>54,697,534</u>
<b>Program Expenses</b>		
General Support	7,264,435	6,049,318
Instruction	49,318,485	42,315,284
Pupil Transportation	4,156,468	4,024,369
Cost of Food Sales	860,312	970,782
Other	159,242	124,128
Interest	723,563	610,424
	<u>62,482,505</u>	<u>54,094,305</u>
Total Program Expenditures		
	<u>62,482,505</u>	<u>54,094,305</u>
Change in Net Position	(2,772,265)	603,229
<b>Net Position</b>		
Beginning	<u>(37,245,576)</u>	<u>(37,848,805)</u>
Ending	<u>\$ (40,017,841)</u>	<u>\$ (37,245,576)</u>

### Revenues by Sources for Fiscal Year 2023



### Expenses for Fiscal Year 2023 Governmental Activities



## The major changes are as follows:

### Revenues

- The School District relies upon real property taxes, STAR aid and sales taxes (69%) as its primary revenue source.
- Real property Taxes: The tax levy increased in the amount of \$750,000, the allowable amount under the tax cap law and the extent needed to fund the budget.
- Use of money and property: increase of \$1,000,000 due to high interest rates throughout 2022-2023 school year.
- State Aid increase of \$2,200,000 due to the partial restoration of Foundation Aid in the amount of \$761K, an increase in Lottery aid which is driven by the NYS Lottery sales, and \$298K in BOCES aid which is an expense driven aid generated depending on services rendered.
- Miscellaneous Revenue increased by \$668,000. This includes any refunds for prior years expenses. This occurred due to a reclassification of COVID related expenses claimed through the federal grant reimbursement.

### Expenditures

- General Support increased by \$130,000. The majority of this increase is due to a credit received from Federal grants to cover COVID related payroll expenses in the area of Operations and Maintenance.
- Total Instruction reflects an increase of \$1,530,000 due to teaching (\$905K) and non-teaching salary (\$335K) changes per the bargaining unit contracts.
- Transportation increased by \$200,000 because prior year Transportation costs appeared lower due to credits received from Federal Grants for COVID related expenses.
- Employee benefits had an overall increase of \$838,000 due to the increase in Health Insurance premiums in the amount of \$637K (8%) and employer pension contributions due to salary and NYS rate increases.

## Financial Analysis of the School District's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *Unassigned Fund Balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$8,207,392 an increase of \$3,139,551 from the prior year. Of this amount, the *unassigned* fund balance of \$2,325,801 (net of the Capital Projects Fund deficit) is available for spending at the School District's discretion. The remainder of fund balance is either Nonspendable, Restricted, or Assigned to indicate they're unavailable for spending because they have already been committed to honor the specific purposes for which it can be spent. The nonspendable fund balance of \$350,333 consists of assets that are inherently unspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and principal of endowments. The restricted fund balance of \$15,628,159 consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Included within the restricted fund balances are reserves for tax certiorari \$940,000, special purpose \$213,471, employee benefit accrued liability \$1,435,736, retirement contributions \$4,534,871, property loss and liability of \$680,398, repairs restriction of \$30,829, future capital projects of \$3,752,239 and debt service \$4,040,561. The assigned fund balance of \$882,190 consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board of Education. Included within the assigned fund balances are encumbrances of \$474,745, School Lunch Fund \$407,445.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$14,518,125, of which \$2,325,801 or 4% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4.0% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

General Fund revenue received was \$2,517,435 more than budgeted. The positive variances were exhibited throughout entire revenue budget. Revenues such as aid increases, increased interest rates as well as an unplanned out-of-district tuition reimbursement were the factor.

Expenditures were below the final budget. After encumbrances of \$474,745 expenditure savings were \$1,178,377. Savings were exhibited throughout the budget. General Support, Instruction and Employee Benefits.

The original General Fund budget anticipated the use of \$2,269,895 of fund balance; \$1,169,895 from prior year encumbrances and \$1,100,000 from assigned fund balance.

### **Capital Assets**

At June 30, 2023, the School District had \$47,892,873, net of accumulated depreciation invested in capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.



<u>Class</u>	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 2,891,200	\$ 2,891,200
Construction-in-Progress	90,707	-
Buildings and Improvements	43,756,213	42,829,592
Machinery and Equipment	<u>1,154,753</u>	<u>2,447,203</u>
Total Capital Assets, net of accumulated depreciation	<u>\$ 47,892,873</u>	<u>\$ 48,161,995</u>

More detailed information about the School District's capital assets is presented in the notes to the financial statements.

### Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
General Obligation Bonds Payable	\$ 3,865,505	\$ 4,663,000
Energy Performance Contract Payable	4,945,524	5,364,359
Installment Purchase Debt Payable	20,913	40,958
Compensated Absences	1,435,737	1,429,322
Net Pension Liability	5,671,897	-
Other Postemployment Benefit Obligations Payable	<u>94,954,279</u>	<u>95,041,362</u>
	<u>\$ 110,893,855</u>	<u>\$ 106,539,001</u>

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

### Requests for Information

This financial report is designed to provide a general overview of the finances of the Putnam Valley Central School District, New York for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Putnam Valley Central School District  
Attn: Jill Figarella  
Director of Business Administration  
171 Oscawana Lake Rd.  
Putnam Valley, NY 10579

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**Putnam Valley Central School District, New York**

Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 6,154,817
Investments	14,759,069
Receivables	
Accounts	155,392
State and Federal aid	2,356,816
Due from other governments	1,332,505
Inventories	6,881
Prepaid expenses	343,452
Capital assets	
Not being depreciated	2,981,907
Being depreciated, net	44,910,966
Total Assets	<u>73,001,805</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding bonds	101,021
Pension related	14,251,552
OPEB related	7,367,360
Total Deferred Outflows of Resources	<u>21,719,933</u>
<b>LIABILITIES</b>	
Accounts payable	637,354
Accrued liabilities	995,571
Unearned revenue	46,862
Bond anticipation notes payable	12,649,122
Due to other governments	13,466
Due to retirement systems	2,559,165
Accrued interest payable	525,350
Non-current liabilities	
Due within one year	1,266,314
Due in more than one year	109,627,541
Total Liabilities	<u>128,320,745</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	1,215,425
OPEB related	5,203,409
Total Deferred Inflows of Resources	<u>6,418,834</u>
<b>NET POSITION</b>	
Net investment in capital assets	26,680,949
Restricted	
Future capital projects	3,752,293
Repairs	30,829
Special purpose	
Extraclassroom activities	97,565
Other	115,906
Property loss and liability	680,398
Tax certiorari	940,000
Debt service	4,040,561
ERS Retirement contributions	2,506,660
TRS Retirement contributions	2,028,211
Unrestricted	(80,891,213)
Total Net Position	<u>\$ (40,017,841)</u>

The notes to the financial statements are an integral part of this statement.

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**Putnam Valley Central School District, New York**

Statement of Activities  
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 7,264,435	\$ -	\$ 10,015	\$ -	\$ (7,254,420)
Instruction	49,318,485	169,771	2,464,247	-	(46,684,467)
Pupil transportation	4,156,468	-	-	-	(4,156,468)
Cost of food sales	860,312	517,152	371,477	-	28,317
Other	159,242	-	164,333	-	5,091
Interest	723,563	-	-	174,097	(549,466)
<b>Total Governmental   Activities</b>	<b>\$ 62,482,505</b>	<b>\$ 686,923</b>	<b>\$ 3,010,072</b>	<b>\$ 174,097</b>	<b>(58,611,413)</b>
General revenues					
Real property taxes					36,123,561
Other tax items					
School tax relief reimbursement					3,086,414
Interest and penalties on real property taxes					44,558
Non-property taxes					
Non-property tax distribution from County					134,553
Unrestricted earnings on investments, net					926,029
Unrestricted State aid					14,209,379
Miscellaneous					1,314,654
<b>Total General Revenues</b>					<b>55,839,148</b>
Change in Net Position					(2,772,265)
Net Position - Beginning					(37,245,576)
Net Position - Ending					<b>\$ (40,017,841)</b>

The notes to the financial statements are an integral part of this statement.

**Putnam Valley Central School District, New York**

Balance Sheet  
 Governmental Funds  
 June 30, 2023

	General	Special Aid	Debt Service
<b>ASSETS</b>			
Cash and equivalents	\$ 3,787,752	\$ 159,351	\$ -
Investments	14,109,121	-	-
Receivables			
Accounts	155,158	-	-
State and Federal aid	258,698	2,074,432	-
Due from other governments	1,332,505	-	-
Due from other funds	2,166,105	-	4,040,561
Inventories	-	-	-
Prepaid expenditures	343,452	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 22,152,791</u>	<u>\$ 2,233,783</u>	<u>\$ 4,040,561</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 540,936	\$ 39,741	\$ -
Accrued liabilities	995,571	-	-
Unearned revenue	-	34,237	-
Bond anticipation notes payable	-	-	-
Due to other funds	3,525,704	2,159,805	-
Due to other governments	13,290	-	-
Due to retirement systems	2,559,165	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>7,634,666</u>	<u>2,233,783</u>	<u>-</u>
Fund balances (deficits)			
Nonspendable	343,452	-	-
Restricted	11,374,127	-	4,040,561
Assigned	474,745	-	-
Unassigned	2,325,801	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances (Deficits)	<u>14,518,125</u>	<u>-</u>	<u>4,040,561</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 22,152,791</u>	<u>\$ 2,233,783</u>	<u>\$ 4,040,561</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 1,558,060	\$ 649,654	\$ 6,154,817
649,948	-	14,759,069
-	234	155,392
-	23,686	2,356,816
-	-	1,332,505
539,956	23,120	6,769,742
-	6,881	6,881
-	-	343,452
<u>\$ 2,747,964</u>	<u>\$ 703,575</u>	<u>\$ 31,878,674</u>
\$ -	\$ 56,677	\$ 637,354
-	-	995,571
-	12,625	46,862
12,649,122	-	12,649,122
1,077,933	6,300	6,769,742
-	176	13,466
-	-	2,559,165
<u>13,727,055</u>	<u>75,778</u>	<u>23,671,282</u>
-	6,881	350,333
-	213,471	15,628,159
-	407,445	882,190
(10,979,091)	-	(8,653,290)
<u>(10,979,091)</u>	<u>627,797</u>	<u>8,207,392</u>
<u>\$ 2,747,964</u>	<u>\$ 703,575</u>	<u>\$ 31,878,674</u>

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**Putnam Valley Central School District, New York**

Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2023

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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Total Fund Balances - Governmental Funds	\$ 8,207,392
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	2,981,907
Capital assets - depreciable	68,508,352
Accumulated depreciation	<u>(23,597,386)</u>
	<u>47,892,873</u>
Difference between expected and actual experiences, assumptions changes and net difference between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows - pension related	14,251,552
Deferred outflows - OPEB related	7,367,360
Deferred inflows - pension related	(1,215,425)
Deferred inflows - OPEB related	<u>(5,203,409)</u>
	<u>15,200,078</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(525,350)
General obligation bond payable	(3,199,911)
Energy performance contract payable	(4,945,524)
Installment purchase debt	(20,913)
Net pension liability - ERS	(3,494,578)
Net pension liability - TRS	(2,177,319)
Compensated absences	(1,435,737)
Total OPEB liability	<u>(94,954,279)</u>
	<u>(110,753,611)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amount on refunding	101,021
Premium on general obligation bonds	<u>(665,594)</u>
	<u>(564,573)</u>
Net Position of Governmental Activities	<u>\$ (40,017,841)</u>

The notes to the financial statements are an integral part of this statement.

**Putnam Valley Central School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2023

	General	Special Aid	Debt Service	Capital Projects
<b>REVENUES</b>				
Real property taxes	\$ 36,123,561	\$ -	\$ -	\$ -
Other tax items	3,130,972	-	-	-
Non-property taxes	134,553	-	-	-
Charges for services	169,771	-	-	-
Use of money and property	939,478	-	170,663	-
State aid	14,427,976	353,138	-	-
Federal aid	-	1,892,512	-	-
Food sales	-	-	-	-
Miscellaneous	1,314,654	-	-	-
<b>Total Revenues</b>	<b>56,240,965</b>	<b>2,245,650</b>	<b>170,663</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General support	5,135,847	-	-	-
Instruction	29,631,769	2,333,935	-	-
Pupil transportation	3,460,832	-	-	-
Employee benefits	12,201,524	-	-	-
Cost of food sales	-	-	-	-
Other	-	-	-	-
Debt service				
Principal	1,123,880	-	-	-
Interest	644,466	-	-	-
Capital outlay	-	-	-	1,018,882
<b>Total Expenditures</b>	<b>52,198,318</b>	<b>2,333,935</b>	<b>-</b>	<b>1,018,882</b>
Excess (Deficiency) of Revenues Over Expenditures	4,042,647	(88,285)	170,663	(1,018,882)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	88,285	-	3,051,985
Transfers out	(3,140,270)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,140,270)</b>	<b>88,285</b>	<b>-</b>	<b>3,051,985</b>
<b>Net Change in Fund Balances</b>	<b>902,377</b>	<b>-</b>	<b>170,663</b>	<b>2,033,103</b>
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	13,615,748	-	3,869,898	(13,012,194)
End of Year	<u>\$ 14,518,125</u>	<u>\$ -</u>	<u>\$ 4,040,561</u>	<u>\$ (10,979,091)</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 36,123,561
-	3,130,972
-	134,553
-	169,771
2,985	1,113,126
9,766	14,790,880
303,655	2,196,167
517,152	517,152
219,404	1,534,058
1,052,962	59,710,240
-	5,135,847
-	31,965,704
-	3,460,832
-	12,201,524
860,312	860,312
159,242	159,242
-	1,123,880
-	644,466
-	1,018,882
1,019,554	56,570,689
33,408	3,139,551
-	3,140,270
-	(3,140,270)
-	-
33,408	3,139,551
594,389	5,067,841
\$ 627,797	\$ 8,207,392

## Putnam Valley Central School District, New York

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2023

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### Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 3,139,551</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	1,672,916
Depreciation expense	<u>(1,942,038)</u>
	<u>(269,122)</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal paid on general obligation bonds	685,000
Principal paid on energy performance contract	418,835
Principal paid on installment purchase debt	<u>20,045</u>
	<u>1,123,880</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	(174,517)
Compensated absences	(6,415)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,193,782)
Changes in OPEB and related deferred outflows and inflows of resources	(5,487,280)
Amortization of loss on refunding bonds and issuance premium	<u>95,420</u>
	<u>(6,766,574)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (2,772,265)</u></u>

The notes to the financial statements are an integral part of this statement.

**Putnam Valley Central School District, New York**

Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
General Fund  
Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 36,034,859	\$ 36,248,445	\$ 36,123,561	\$ (124,884)
Other tax items	3,345,000	3,131,414	3,130,972	(442)
Non-property taxes	-	-	134,553	134,553
Charges for services	125,000	125,000	169,771	44,771
Use of money and property	25,000	25,000	939,478	914,478
State aid	13,868,671	13,868,671	14,427,976	559,305
Miscellaneous	325,000	325,000	1,314,654	989,654
<b>Total Revenues</b>	<b>53,723,530</b>	<b>53,723,530</b>	<b>56,240,965</b>	<b>2,517,435</b>
<b>EXPENDITURES</b>				
Current				
General support	5,126,703	6,348,423	5,135,847	1,212,576
Instruction	30,514,623	30,060,278	29,631,769	428,509
Pupil transportation	3,521,875	3,469,475	3,460,832	8,643
Employee benefits	12,449,442	12,204,918	12,201,524	3,394
Debt service				
Principal	1,572,611	1,123,880	1,123,880	-
Interest	650,171	644,466	644,466	-
<b>Total Expenditures</b>	<b>53,835,425</b>	<b>53,851,440</b>	<b>52,198,318</b>	<b>1,653,122</b>
Excess (Deficiency) of Revenues Over Expenditures	(111,895)	(127,910)	4,042,647	4,170,557
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	1,000,000	-	(1,000,000)
Transfers out	(3,158,000)	(3,141,985)	(3,140,270)	1,715
<b>Total Other Financing Uses</b>	<b>(2,158,000)</b>	<b>(2,141,985)</b>	<b>(3,140,270)</b>	<b>(998,285)</b>
<b>Net Change in Fund Balances</b>	<b>(2,269,895)</b>	<b>(2,269,895)</b>	<b>902,377</b>	<b>3,172,272</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,269,895	2,269,895	13,615,748	11,345,853
End of Year	\$ -	\$ -	\$ 14,518,125	\$ 14,518,125

The notes to the financial statements are an integral part of this statement.

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

The Putnam Valley Central School District, New York ("School District"), as presently constituted, was established in 1934 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

**A. Financial Reporting Entity**

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"). BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by the ratio which the component school district's full value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within the BOCES as defined in Education Law. Copies of BOCES' financial statements can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York, 10598.

**B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity and other nonexchange transactions has been removed from these statements, except for interfund services provided and used.

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

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.



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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows -

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State Funds. The major revenues of this fund are State and Federal aid.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as if the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to

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

be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety-day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, net pension asset and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or

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

other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30<sup>th</sup>.

The School District's position in the pool in the amount of \$14,759,069 is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAM by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2023.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does

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

not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable on that date. The School District is responsible for the billing and collection of taxes through October 31st, at which time the responsibility for uncollected taxes is transferred to the County. On or about April 1st, the County remits to the School District the balance of all uncollected taxes thus making the School District whole.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenses/expenditures are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventories** - Inventories in the School Lunch Fund consist of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are received. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Capital Assets** - Capital assets, are tangible and intangible assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant, equipment, and right-to-use leased assets of the District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	7-50
Machinery and Equipment	5-20

The costs associated with the acquisition or construction tangible and intangible of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$34,237 for State and Federal aid received in advance in the Special Aid Fund, and \$12,625 for student meal monies received in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3E.

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

**Long-Term Liabilities** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68".

**Other Postemployment Benefit Liability ("OPEB")** - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

**Net Position** - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted

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

for future capital projects, repairs, special purpose, property loss and liability, tax certioraris, debt service, ERS retirement contributions and TRS retirement contributions.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**Fund Balance** - Generally, fund balance represents the difference between the current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 21, 2023.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.



**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, Debt Service, School Lunch or Special Purpose funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Board of Education.

**B. Limitation on Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended (“Tax Levy Limitation Law”), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

**D. Capital Projects Fund Project Deficits**

The deficits of \$216,225 in the School Buses and \$12,314,937 in the Middle School and District-wide Improvement projects arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an “other financing source”. Liabilities for bond anticipation notes issued are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. Deficits in these projects will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

**E. New Accounting Pronouncement**

GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements (SBITA’s)*”, established a single model for SBITA accounting based on the concept that SBITA’s are a financing of a “right-to-use” underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the School District’s fiscal year ended June 30, 2023. The School District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 3 - Detailed Notes on All Funds**

**A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2023 were as follows:

Fund	Due From	Due To
General	\$ 2,166,105	\$ 3,525,704
Special Aid	-	2,159,805
Debt Service	4,040,561	-
Capital Projects	539,956	1,077,933
Non-Major Governmental	23,120	6,300
	<u>\$ 6,769,742</u>	<u>\$ 6,769,742</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

**B. Capital Assets**

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2022	Reclassification	Balance July 1, 2022 as restated	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated:						
Land	\$ 2,891,200	\$ -	\$ 2,891,200	\$ -	\$ -	\$ 2,891,200
Construction-in-Progress	-	-	-	90,707	-	90,707
Total Capital Assets, not being depreciated	<u>\$ 2,891,200</u>	<u>\$ -</u>	<u>\$ 2,891,200</u>	<u>\$ 90,707</u>	<u>\$ -</u>	<u>\$ 2,981,907</u>
Capital Assets, being depreciated:						
Buildings and Improvements	\$ 62,483,068	\$ 1,078,768	\$ 63,561,836	\$ 1,513,690	\$ -	\$ 65,075,526
Machinery and Equipment	4,476,321	(1,078,768)	3,397,553	68,519	33,246	3,432,826
Total Capital Assets, being depreciated	<u>66,959,389</u>	<u>-</u>	<u>66,959,389</u>	<u>1,582,209</u>	<u>33,246</u>	<u>68,508,352</u>
Less Accumulated Depreciation for:						
Buildings and Improvements	19,659,476	291,842	19,951,318	1,659,837	-	21,319,313
Machinery and Equipment	2,029,118	(291,842)	1,737,276	282,201	33,246	2,278,073
Total Accumulated Depreciation	<u>21,688,594</u>	<u>-</u>	<u>21,688,594</u>	<u>1,942,038</u>	<u>33,246</u>	<u>23,597,386</u>
Total Capital Assets, being depreciated, net	<u>\$ 45,270,795</u>	<u>\$ -</u>	<u>\$ 45,270,795</u>	<u>\$ (359,829)</u>	<u>\$ -</u>	<u>\$ 44,910,966</u>
Capital Assets, net	<u>\$ 48,161,995</u>	<u>\$ -</u>	<u>\$ 48,161,995</u>	<u>\$ (269,122)</u>	<u>\$ -</u>	<u>\$ 47,892,873</u>

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 1,054,988
Instruction	830,904
Pupil Transportation	<u>56,146</u>
Total Depreciation Expense	<u>\$ 1,942,038</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2023 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 995,571</u>

**D. Short-Term Capital Borrowings**

The schedule below details the changes in short-term capital borrowings.

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Rate of Interest</u>	<u>Maturity Date</u>	<u>Balance July 1, 2022</u>	<u>Redemptions</u>	<u>Balance June 30, 2023</u>
School Buses	2019	3.90 %	October, 2023	\$ 323,107	\$ 103,985	\$ 219,122
Construction	2019	3.75	July, 2023	<u>13,310,000</u>	<u>880,000</u>	<u>12,430,000</u>
				<u>\$ 13,633,107</u>	<u>\$ 983,985</u>	<u>\$ 12,649,122</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within seven years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$267,719 were recorded in the fund financial statements in the General Fund. Interest expense of \$465,630 was recorded in the district-wide financial statements.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2023:

	Balance, July 1, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable	\$ 3,884,911	\$ -	\$ 685,000	\$ 3,199,911	\$ 670,000
Plus					
Unamortized premium on bonds	778,089	-	112,495	665,594	-
	<u>4,663,000</u>	<u>-</u>	<u>797,495</u>	<u>3,865,505</u>	<u>670,000</u>
Other Non-current Liabilities					
Energy Performance Contract Payable	5,364,359	-	418,835	4,945,524	431,401
Installment Purchase Debt Payable	40,958	-	20,045	20,913	20,913
Net Pension Liability - TRS	-	2,177,319	-	2,177,319	-
Net Pension Liability - ERS	-	3,494,578	-	3,494,578	-
Compensated Absences	1,429,322	6,415	-	1,435,737	144,000
Other Postemployment Benefit Liability	95,041,362	2,480,113	2,567,196	94,954,279	-
Total Other Non-Current Liabilities	<u>101,876,001</u>	<u>8,158,425</u>	<u>3,006,076</u>	<u>107,028,350</u>	<u>596,314</u>
Total Long-Term Liabilities	<u>\$ 106,539,001</u>	<u>\$ 8,158,425</u>	<u>\$ 3,803,571</u>	<u>\$ 110,893,855</u>	<u>\$ 1,266,314</u>

Each governmental fund's liability for energy performance contract debt, installment purchase debt, leases, compensated absences, net pension liabilities and other postemployment benefit liability is liquidated by the General Fund. The School District's indebtedness for general obligation bonds is satisfied by the Debt Service Fund, which is primarily funded by the General Fund.

**General Obligation Bonds Payable**

General obligation Bonds payable at June 30, 2023 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
Refunding bonds	2015	<u>\$ 4,579,911</u>	June, 2028	5.00 %	<u>\$ 3,199,911</u>

Interest expenditures of \$194,250 were recorded in the fund financial statements in the General Fund. Interest expense of \$97,403 was recorded in the district-wide financial statements.

**Energy Performance Contract Payable**

The School District entered into a lease agreement to finance the costs of energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of this agreement provided for the repayment of the principal amount of \$6,921,212 in annual installments through February, 2033 with an interest rate of 3.318%.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures of \$180,721 were recorded in the fund financial statements in the General Fund. Interest expense of \$175,312 was recorded in the district-wide financial statements. The balance due at June 30, 2023 was \$4,945,524.

**Installment Purchase Debt Payable**

The School District has entered into an agreement to finance the cost of purchasing equipment. The terms of the agreement provide for repayment in annual installments, through 2023, including interest at a rate of 4.25%. Interest expenditures of \$1,776 was charged to the fund financial statements. Interest expense of (\$14,782) was recorded in the district-wide financial statements. The balance due at June 30, 2023 was \$20,913.

**Payments to Maturity**

The annual requirements to amortize all bonded, energy performance contract and installment purchase debt outstanding as of June 30, 2023 including interest payments of \$1,592,094 are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Energy Performance Contract		Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 670,000	160,000	\$ 431,401	\$ 180,721	\$ 20,913	\$ 906	\$ 1,122,314	\$ 341,627
2025	655,000	126,500	444,343	166,611	-	-	1,099,343	293,111
2026	640,000	93,750	457,673	152,077	-	-	1,097,673	245,827
2027	625,000	61,750	471,403	137,108	-	-	1,096,403	198,858
2028	609,911	30,500	485,545	121,689	-	-	1,095,456	152,189
2029-2033	-	-	2,655,159	360,482	-	-	2,655,159	360,482
	<u>\$ 3,199,911</u>	<u>\$ 472,500</u>	<u>\$ 4,945,524</u>	<u>\$ 1,118,688</u>	<u>\$ 20,913</u>	<u>\$ 906</u>	<u>\$ 8,166,348</u>	<u>\$ 1,592,094</u>

The above general obligation bonds are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

**Legal Debt Margin**

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

**Pension Plans**

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

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The

**Note 3 - Detailed Notes on All Funds (Continued)**

School District also participates in the Public Employees’ Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers’ Retirement System (“TRS”). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers’ Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the ERS’s fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2023 and TRS plan year ended June 30, 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	13.1 %
	5 A15	11.2
	6 A15	8.3
TRS	1-6	10.29 %

At June 30, 2023, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 3,494,578	\$ 2,177,319
School Districts' proportion of the net pension liability	0.0162963 %	0.113468 %
Change in proportion since the prior measurement date	0.0011438 %	(0.002994) %

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 1899 for TRS and the total pension asset used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2023, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$3,973,062 (\$1,244,030 for ERS and \$2,729,032 for TRS). Pension expenditures of \$2,759,411 (\$546,243 for ERS and \$2,213,168 for TRS) and \$22,645 (\$15,474 for ERS and \$7,171 for TRS) were recorded in the fund financial statements and were charged to the General and Special Aid Funds, respectively.

At June 30, 2023, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 372,200	\$ 98,141	\$ 2,281,554	\$ 43,630
Changes of assumptions	1,697,193	18,757	4,223,630	877,086
Net difference between projected and actual earnings on pension plan investments	-	20,530	2,813,302	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	162,245	32,452	304,097	124,829
School District contributions subsequent to the measurement date	176,992	-	2,220,339	-
	<u>\$ 2,408,630</u>	<u>\$ 169,880</u>	<u>\$ 11,842,922</u>	<u>\$ 1,045,545</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,653,754	\$ 141,771		
Changes of assumptions	5,920,823	895,843		
Net difference between projected and actual earnings on pension plan investments	2,813,302	20,530		
Changes in proportion and differences between School District contributions and proportionate share of contributions	466,342	157,281		
School District contributions subsequent to the measurement date	2,397,331	-		
	<u>\$ 14,251,552</u>	<u>\$ 1,215,425</u>		



**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

\$176,992 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$2,220,339 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2023	\$ -	\$ 1,605,532
2024	499,424	877,482
2025	(151,353)	(288,085)
2026	748,261	5,588,374
2027	965,426	743,724
Thereafter	-	50,011
	\$ 2,061,758	\$ 8,577,038

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	1.3%

\*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

For ERS, the long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (“ASOP”) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2023		TRS June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %	33 %	6.50 %
International Equity	15	6.85	16	7.20
Private Equity	10	7.50	8	9.90
Real Estate	9	4.60	11	6.20
Global Fixed Income Securities	-	-	2	0.60
Domestic Fixed Income Securities	-	-	16	1.10
Global Equities	-	-	4	6.90
Private Debt	-	-	2	5.30
Real Estate Debt	-	-	6	2.40
High Yield Fixed Income Securities	-	-	1	3.30
Opportunistic Portfolio/ARS Portfolio	3	5.38	-	-
Credit	4	5.43	-	-
Real Assets	3	5.84	-	-
Fixed Income	23	1.50	1	(0.30)
Cash	1	-	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

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

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

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 8,444,897</u>	<u>\$ 3,494,578</u>	<u>\$ (641,989)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 20,075,899</u>	<u>\$ 2,177,319</u>	<u>\$ (12,875,270)</u>

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 1899 TRS measurement date were as follows:

	<u>ERS</u>	<u>TRS</u>
Total pension liability	\$ 232,627,259,000	\$ 133,883,473,797
Fiduciary net position	<u>211,183,223,000</u>	<u>131,964,582,107</u>
Employers' net pension asset	<u>\$ 21,444,036,000</u>	<u>\$ 1,918,891,690</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>98.57%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

**Note 3 - Detailed Notes on All Funds (Continued)**

Employer and employee contributions for the year ended June 30, 2023 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2023 were \$176,992 to ERS and \$2,382,173 to TRS (including employee contribution of \$161,834).

*Voluntary Defined Contribution Plan*

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

**Compensated Absences**

Under the terms of the existing collective bargaining agreements, the School District is required to compensate teachers retiring from the School District for accumulated sick time to a maximum of 300 days. Teachers will be compensated at \$50 per day for unused leave up to 100 days and \$100 per day from 101-300 days. In addition, pursuant to existing collective bargaining agreements, the School District is required to compensate employees retiring from the School District for accumulated sick time to a maximum of 300 days for the twelve month employees and 250 days for ten month employees. Employees will be compensated at a rate of \$45 and \$40 per day, respectively, for any accumulations over 100 days. No payment will be made by the School District for unused vacation time upon separation from employment. The value of the compensated absences has been reflected in the district-wide financial statements.

**Other Postemployment Benefit Liability ("OPEB")**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2023

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**Note 3 - Detailed Notes on All Funds (Continued)**

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	181
Active employees	<u>297</u>
	<u><u>478</u></u>

The School District's total OPEB liability of \$94,954,279 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3%, average, including inflation
Discount rate	4.00%
Healthcare cost trend rates	6.5% for 2024, decreasing 0.25% per year to an ultimate rate of 4.0% for 2035 and later years
Retirees' share of benefit-related costs	Retiree contribution rates vary by employee class and date of retirement.

The discount rate was based on an average of three 20-year bond indices (e.g., Bond Buyers, 20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2023.

The actuarial assumptions used in the June 30, 2023 valuation reflects the retirement from the active plan and is based on age and gender period. This is the assumption used by the TRS and ERS.

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 95,041,362
Service cost	2,453,166
Interest	3,750,311
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(3,723,364)
Benefit payments	<u>(2,567,196)</u>
Total OPEB Liability - End of Year	<u><u>\$ 94,954,279</u></u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00%) or 1 percentage point higher (5.00%) than the current discount rate:

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	<u>\$ 112,656,855</u>	<u>\$ 94,954,279</u>	<u>\$ 81,087,671</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6% decreasing to 3.0%) or 1 percentage point higher (8% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 3.0%)	Healthcare Cost Trend Rates (7% decreasing to 4.0%)	1% Increase (8% decreasing to 5.0%)
Total OPEB Liability	<u>\$ 78,878,169</u>	<u>\$ 94,954,279</u>	<u>\$ 116,195,334</u>

For the year ended June 30, 2023 the School District recognized OPEB expense of \$8,054,476 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 7,367,360	\$ 5,203,409
Differences between expected and actual experience	<u>-</u>	<u>-</u>
	<u>\$ 7,367,360</u>	<u>\$ 5,203,409</u>

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

Year Ended June 30,	
2024	\$ 1,850,999
2025	1,850,999
2026	630,043
2027	(123,345)
2028	(789,666)
Thereafter	<u>(1,255,079)</u>
	<u>\$ 2,163,951</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

**F. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	
General Fund	<u>\$ 88,285</u>	<u>\$ 3,051,985</u>	<u>\$ 3,140,270</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital projects funds expenditures.

**G. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds that are directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Future Capital Projects* - the component of net position that has been established pursuant to Section 6c of the General Municipal Law of the State of New York to set aside funds to be used for future capital projects.

*Restricted for Repairs* - the component of net position that has been established pursuant to Section 6d of the General Municipal Law of the State of New York to pay the cost of major repairs to School District assets.

*Restricted for Special Purpose* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

*Restricted for Property Loss and Liability* - the component of net position that has been established to set aside funds for the deductible provisions of the School District's insurance policies in accordance with Section 6n of the General Municipal Law of the State of New York.

*Restricted for Tax Certiorari* - the component of net position that has been established in accordance with New York State Education Law to provide funding for court ordered tax refunds which are currently in process.

**Note 3 - Detailed Notes on All Funds (Continued)**

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

*Restricted for ERS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for *ERS* retirement costs in accordance with Section 6r of the General Municipal Law of the State of New York.

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for *TRS* retirement costs in accordance with Section 6r of the General Municipal Law of the State of New York.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".



Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

**H. Fund Balances**

	2023					2022				
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>										
Inventories	\$ -	\$ -	\$ -	\$ 6,881	\$ 6,881	\$ -	\$ -	\$ -	\$ 13,696	\$ 13,696
Prepaid expenditures	343,452	-	-	-	343,452	311,349	-	-	-	311,349
Total Nonspendable	343,452	-	-	6,881	350,333	311,349	-	-	13,696	325,045
<b>Restricted</b>										
Repairs	30,829	-	-	-	30,829	30,783	-	-	-	30,783
Property loss and liability	680,398	-	-	-	680,398	679,379	-	-	-	679,379
Tax certiorari	940,000	-	-	-	940,000	1,172,185	-	-	-	1,172,185
Employee benefit accrued liability	1,435,736	-	-	-	1,435,736	1,359,998	-	-	-	1,359,998
ERS retirement contributions	2,506,660	-	-	-	2,506,660	1,828,917	-	-	-	1,828,917
ERS retirement contributions - for subsequent year's expenditures	-	-	-	-	-	300,000	-	-	-	300,000
TRS retirement contributions	2,028,211	-	-	-	2,028,211	1,606,136	-	-	-	1,606,136
Future capital projects	3,752,293	-	-	-	3,752,293	2,289,312	-	-	-	2,289,312
Debt service	-	4,040,561	-	-	4,040,561	-	3,869,898	-	-	3,869,898
Special Purpose - Extraclassroom activities	-	-	-	97,565	97,565	-	-	-	78,623	78,623
Special Purpose - Other	-	-	-	115,906	115,906	-	-	-	129,757	129,757
Total Restricted	11,374,127	4,040,561	-	213,471	15,628,159	9,266,710	3,869,898	-	208,380	13,344,988
<b>Assigned</b>										
Purchases on order										
General government support	244,459	-	-	-	244,459	175,907	-	-	-	175,907
Instruction	220,688	-	-	-	220,688	829,668	-	-	-	829,668
Pupil transportation	7,885	-	-	-	7,885	164,320	-	-	-	164,320
Employee benefits	1,713	-	-	-	1,713	-	-	-	-	-
	474,745	-	-	-	474,745	1,169,895	-	-	-	1,169,895
Subsequent year's expenditures	-	-	-	-	-	800,000	-	-	-	800,000
School Lunch Fund	-	-	-	407,445	407,445	-	-	-	372,313	372,313
Total Assigned	474,745	-	-	407,445	882,190	1,969,895	-	-	372,313	2,342,208
Unassigned	2,325,801	-	(10,979,091)	-	(8,653,290)	2,067,794	-	(13,012,194)	-	(10,944,400)
Total Fund Balance	\$ 14,518,125	\$ 4,040,561	\$ (10,979,091)	\$ 627,797	\$ 8,207,392	\$ 13,615,748	\$ 3,869,898	\$ (13,012,194)	\$ 594,389	\$ 5,067,841

**Note 3 - Detailed Notes on All Funds (Continued)**

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Prepaid Expenditures has been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Employee benefit accrued liability has been established pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2023, the Board has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects. Unassigned fund balance in the Special Aid Fund represents amounts due from Federal aid.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

There are currently pending certiorari proceedings, the results of which may require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

**B. Contingencies**

The School District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**C. Risk Management**

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. The School District maintains liability coverage for school board members up to \$1 million. The School District also maintains an umbrella policy with coverage up to \$20 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District has also established a reserve for property loss and liability pursuant to General Municipal Law. At June 30, 2023, the balance in the reserve was \$680,398, which is to be used for the uninsured portion of any losses.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. This plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority vote of the total membership of Trustees. Billings to each participant are based upon the costs incurred for workers' compensation. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester - Putnam Schools Cooperative Medical Expense Benefit Plan. The plan operates under an agreement dated February 17, 1989. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the plan rests in the Board of Trustees which shall consist of five Trustees selected by the plan members. A majority vote of the total number of Trustees shall be required to taken any actions. The billings are based upon coverages provided to each participants' employees. The School District has transferred all related risk to the Plan.

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 101, "*Compensated Absences*" provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them if applicable and when material.

**Note 6 - Subsequent Events**

The School District on July 7, 2023, issued a \$10,525,000 Serial Bonds for various purposes. The bond matures on July 1, 2036 and bears interest at a rate of 5.00% per annum.

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**Putnam Valley Central School District, New York**

Required Supplementary Information - Schedule of Changes in the  
School District's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years (1)(2)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 2,453,166	\$ 2,560,014	\$ 2,548,303	\$ 2,216,739	\$ 800,049	\$ 685,077
Interest	3,750,311	3,497,948	1,798,914	2,047,622	2,402,073	2,508,163
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Changes of assumptions or other inputs	(3,723,364)	(2,593,956)	4,664,259	5,273,696	8,546,699	-
Benefit payments	(2,567,196)	(2,412,840)	(2,187,403)	(2,034,349)	(2,051,892)	(2,031,890)
Net Change in Total OPEB Liability	(87,083)	1,051,166	6,824,073	7,503,708	9,696,929	1,161,350
Total OPEB Liability – Beginning of Year	95,041,362	93,990,196	87,166,123	79,662,415	69,965,486	68,804,136 (3)
Total OPEB Liability – End of Year	<u>\$ 94,954,279</u>	<u>\$ 95,041,362</u>	<u>\$ 93,990,196</u>	<u>\$ 87,166,123</u>	<u>\$ 79,662,415</u>	<u>\$ 69,965,486</u>
School District's covered-employee payroll	<u>\$ 23,204,781</u>	<u>\$ 23,204,781</u>	<u>\$ 22,900,153</u>	<u>\$ 22,900,153</u>	<u>\$ 21,493,900</u>	<u>\$ 21,493,900</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>409%</u>	<u>410%</u>	<u>410%</u>	<u>381%</u>	<u>371%</u>	<u>326%</u>
Discount Rate	<u>4.00%</u>	<u>3.77%</u>	<u>2.09%</u>	<u>2.44%</u>	<u>3.10%</u>	<u>3.70%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

**Putnam Valley Central School District, New York**

Required Supplementary Information  
 New York State Teachers' Retirement System  
 Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	0.113468%	0.116462%	0.117348%	(0.119380%)	(0.121130%)	(0.117988%)	0.113078%	(0.110161%)	(0.110175%)
School District's proportionate share of the net pension liability (asset)	\$ 2,177,319	\$ (20,181,761)	\$ 3,242,650	\$ (3,101,500)	\$ (2,190,356)	\$ (896,824)	\$ 1,211,113	\$ (11,442,268)	\$ (12,272,786)
School District's covered payroll	\$ 20,168,352	\$ 19,831,396	\$ 19,954,628	\$ 20,220,672	\$ 20,036,811	\$ 19,002,024	\$ 17,826,436	\$ 17,017,000	\$ 16,679,000
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.80%	(101.77)%	0.16%	(15.34)%	(10.93)%	(4.72)%	6.79%	(67.24)%	(73.58)%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	8.86%	7.10%	7.25%	7.25%	7.25%	8.00%	8.00%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,159,178	\$ 1,976,499	\$ 1,889,932	\$ 1,767,980	\$ 2,147,435	\$ 1,963,607	\$ 2,227,037	\$ 2,363,785	\$ 2,983,123
Contributions in relation to the contractually required contribution	(2,159,178)	(1,976,499)	(1,889,932)	(1,767,980)	(2,147,435)	(1,963,607)	(2,227,037)	(2,363,785)	(2,983,123)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 20,983,262	\$ 20,168,352	\$ 19,831,396	\$ 19,954,628	\$ 20,220,672	\$ 20,036,811	\$ 19,002,024	\$ 17,826,426	\$ 17,017,000
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

**Putnam Valley Central School District, New York**

Required Supplementary Information  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

	2023 (3)	2022 (4)	2021 (4)	2020(3)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability (asset)	0.0162963%	0.0151525%	0.0145145%	0.0151191%	0.0155373%	0.017981%	0.018319%	0.018833%	0.018730%
School District's proportionate share of the net pension liability (asset)	\$ 3,494,578	\$ (1,238,657)	\$ 14,453	\$ 4,003,623	\$ 1,100,865	\$ 580,338	\$ 1,721,284	\$ 3,022,746	\$ 632,733
School District's covered payroll	\$ 5,738,861	\$ 4,615,981	\$ 4,633,925	\$ 4,596,952	\$ 4,383,401	\$ 5,054,799	\$ 4,851,419	\$ 4,753,923	\$ 4,824,000
School District's proportionate share of the net pension liability as a percentage of its covered payroll (asset)	-(60.89%)	(26.83%)	0.31%	87.09%	25.11%	11.48%	35.48%	63.58%	13.12%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 548,202	\$ 726,011	\$ 657,701	\$ 655,578	\$ 641,151	\$ 757,522	\$ 749,797	\$ 829,309	\$ 855,220
Contributions in relation to the contractually required contribution	(548,202)	(726,011)	(657,701)	(655,578)	(641,151)	(757,522)	(749,797)	(829,309)	(855,220)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,421,012	\$ 5,505,412	\$ 4,699,302	\$ 4,526,777	\$ 4,661,842	\$ 4,346,645	\$ 4,976,862	\$ 4,988,810	\$ 4,824,000
Contributions as a percentage of covered payroll	10.11%	13.19%	14.00%	14.48%	13.75%	17.43%	15.07%	16.62%	17.73%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date with the current fiscal year

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

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**Putnam Valley Central School District, New York**

General Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 36,034,859	\$ 36,248,445	\$ 36,123,561	\$	\$ (124,884)
Other tax items	3,345,000	3,131,414	3,130,972		(442)
Non-property taxes	-	-	134,553		134,553
Charges for services	125,000	125,000	169,771		44,771
Use of money and property	25,000	25,000	939,478		914,478
State aid	13,868,671	13,868,671	14,427,976		559,305
Miscellaneous	325,000	325,000	1,314,654		989,654
<b>Total Revenues</b>	<b>53,723,530</b>	<b>53,723,530</b>	<b>56,240,965</b>		<b>2,517,435</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	70,916	89,983	78,565	-	11,418
Central administration	418,704	428,575	426,911	-	1,664
Finance	762,694	804,438	740,516	5,471	58,451
Staff	358,707	331,387	259,933	10,000	61,454
Central services	2,832,945	4,036,202	2,977,653	228,988	829,561
Special items	682,737	657,838	652,269	-	5,569
<b>Total General Support</b>	<b>5,126,703</b>	<b>6,348,423</b>	<b>5,135,847</b>	<b>244,459</b>	<b>968,117</b>
Instruction					
Instruction, administration and improvement	2,175,558	2,243,792	2,174,579	24,987	44,226
Teaching - Regular school	14,694,387	14,451,137	14,350,134	53,875	47,128
Programs for students with disabilities	7,716,129	7,071,922	7,020,729	25,009	26,184
Instructional media	1,588,183	2,034,245	1,938,107	94,552	1,586
Pupil services	4,340,366	4,259,182	4,148,220	22,265	88,697
<b>Total Instruction</b>	<b>30,514,623</b>	<b>30,060,278</b>	<b>29,631,769</b>	<b>220,688</b>	<b>207,821</b>
Pupil transportation	3,521,875	3,469,475	3,460,832	7,885	758
Employee benefits	12,449,442	12,204,918	12,201,524	1,713	1,681
Debt service					
Principal	1,572,611	1,123,880	1,123,880	-	-
Interest	650,171	644,466	644,466	-	-
<b>Total Expenditures</b>	<b>53,835,425</b>	<b>53,851,440</b>	<b>52,198,318</b>	<b>474,745</b>	<b>1,178,377</b>
Excess (Deficiency) of Revenues Over Expenditures	(111,895)	(127,910)	4,042,647	(474,745)	3,695,812
<b>OTHER FINANCING (USES)</b>					
Transfers in	1,000,000	1,000,000	-	-	(1,000,000)
Transfers out	(3,158,000)	(3,141,985)	(3,140,270)	-	1,715
<b>Total Other Financing (Uses)</b>	<b>(2,158,000)</b>	<b>(2,141,985)</b>	<b>(3,140,270)</b>	<b>-</b>	<b>(998,285)</b>
<b>Net Change in Fund Balance</b>	<b>(2,269,895)</b>	<b>(2,269,895)</b>	<b>902,377</b>	<b>\$ (474,745)</b>	<b>\$ 2,697,527</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,269,895	2,269,895	13,615,748		
End of Year	\$ -	\$ -	\$ 14,518,125		

See independent auditors' report.

**Putnam Valley Central School District, New York**

General Fund  
 Schedule of Revenues and Other Financing Sources Compared to Budget  
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REAL PROPERTY TAXES</b>	\$ 36,034,859	\$ 36,248,445	\$ 36,123,561	\$ (124,884)
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	3,300,000	3,086,414	3,086,414	-
Interest and penalties on real property taxes	45,000	45,000	44,558	(442)
	<u>3,345,000</u>	<u>3,131,414</u>	<u>3,130,972</u>	<u>(442)</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	-	-	134,553	134,553
<b>CHARGES FOR SERVICES</b>				
Day school tuition	100,000	100,000	88,338	(11,662)
Other student fees and charges	25,000	25,000	81,433	56,433
	<u>125,000</u>	<u>125,000</u>	<u>169,771</u>	<u>44,771</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	25,000	25,000	939,478	914,478
<b>STATE AID</b>				
Basic formula	9,894,115	9,894,115	10,060,804	166,689
BOCES aid	1,142,768	1,142,768	1,584,558	441,790
Textbook aid	105,327	105,327	91,181	(14,146)
Lottery aid	2,500,640	2,500,640	2,564,017	63,377
Computer software aid	43,021	43,021	45,337	2,316
Library materials aid	10,000	10,000	9,785	(215)
Tuition aid for students with disabilities	-	-	72,294	72,294
Other	172,800	172,800	-	(172,800)
	<u>13,868,671</u>	<u>13,868,671</u>	<u>14,427,976</u>	<u>559,305</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	150,000	150,000	1,058,237	908,237
Refund of prior year's BOCES expenditures	100,000	100,000	69,374	(30,626)
Unclassified	75,000	75,000	187,043	112,043

	<u>325,000</u>	<u>325,000</u>	<u>1,314,654</u>	<u>989,654</u>
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**TOTAL REVENUES**

	53,723,530	53,723,530	56,240,965	2,517,435
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**OTHER FINANCING SOURCES**

Transfers in				
Debt Service Fund	1,000,000	1,000,000	-	(1,000,000)

	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
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**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

	<u>\$ 54,723,530</u>	<u>\$ 54,723,530</u>	<u>\$ 56,240,965</u>	<u>\$ 1,517,435</u>
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**Putnam Valley Central School District, New York**

General Fund  
 Schedule of Expenditures and Other Financing Uses Compared to Budget  
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 29,700	\$ 49,596	\$ 41,995	\$ -	\$ 7,601
District clerk	16,216	16,215	14,862	-	1,353
District meeting	25,000	24,172	21,708	-	2,464
Total Board of Education	<u>70,916</u>	<u>89,983</u>	<u>78,565</u>	<u>-</u>	<u>11,418</u>
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	<u>418,704</u>	<u>428,575</u>	<u>426,911</u>	<u>-</u>	<u>1,664</u>
<b>FINANCE</b>					
Business administration	307,560	517,398	516,812	586	-
Auditing	78,000	54,039	54,039	-	-
Treasurer	211,467	58,757	22,645	-	36,112
Tax collector	128,631	137,208	131,864	-	5,344
Fiscal agent fees	37,036	37,036	15,156	4,885	16,995
Total Finance	<u>762,694</u>	<u>804,438</u>	<u>740,516</u>	<u>5,471</u>	<u>58,451</u>
<b>STAFF</b>					
Legal	110,045	62,675	52,675	10,000	-
Personnel	213,722	209,940	148,911	-	61,029
Public information and services	34,940	58,772	58,347	-	425
Total Staff	<u>358,707</u>	<u>331,387</u>	<u>259,933</u>	<u>10,000</u>	<u>61,454</u>

**CENTRAL SERVICES**

Operation and maintenance of plant	2,832,945	4,036,202	2,977,653	228,988	829,561
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**SPECIAL ITEMS**

Unallocated insurance	225,000	232,579	232,579	-	-
School association dues	25,000	25,000	19,543	-	5,457
Judgments and claims	100,000	16,522	16,522	-	-
Administrative charges - BOCES	332,737	383,737	383,625	-	112

Total Special Items	682,737	657,838	652,269	-	5,569
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Total General Support	5,126,703	6,348,423	5,135,847	244,459	968,117
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**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	192,215	168,726	145,763	22,962	1
Supervision - Regular school	1,983,343	2,075,066	2,028,816	2,025	44,225

Total Instruction, Administration and Improvement	2,175,558	2,243,792	2,174,579	24,987	44,226
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<b>TEACHING - REGULAR SCHOOL</b>	14,694,387	14,451,137	14,350,134	53,875	47,128
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<b>PROGRAMS FOR STUDENTS WITH DISABILITIES</b>	7,716,129	7,071,922	7,020,729	25,009	26,184
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**INSTRUCTIONAL MEDIA**

School library and audiovisual	196,287	185,503	183,409	514	1,580
Computer assisted instruction	1,391,896	1,848,742	1,754,698	94,038	6

Total Instructional Media	1,588,183	2,034,245	1,938,107	94,552	1,586
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(Continued)

**Putnam Valley Central School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>PUPIL SERVICES</b>					
Guidance - Regular school	\$ 720,860	\$ 669,308	\$ 669,306	\$ -	\$ 2
Health services - Regular school	350,350	339,452	330,558	8,700	194
Psychological services - Regular school	414,098	452,846	452,846	-	-
Pupil personnel services - Special schools	1,226,252	1,177,364	1,176,865	376	123
Co-curricular activities - Regular school	333,876	323,417	235,182	-	88,235
Interscholastic activities - Regular school	1,294,930	1,296,795	1,283,463	13,189	143
Total Pupil Services	<u>4,340,366</u>	<u>4,259,182</u>	<u>4,148,220</u>	<u>22,265</u>	<u>88,697</u>
Total Instruction	<u>30,514,623</u>	<u>30,060,278</u>	<u>29,631,769</u>	<u>220,688</u>	<u>207,821</u>
<b>PUPIL TRANSPORTATION</b>					
District transportation services	1,207,875	1,098,579	1,091,335	6,487	757
Contract transportation	2,314,000	2,370,896	2,369,497	1,398	1
Total Pupil Transportation	<u>3,521,875</u>	<u>3,469,475</u>	<u>3,460,832</u>	<u>7,885</u>	<u>758</u>
<b>EMPLOYEE BENEFITS</b>					
State retirement	734,760	546,244	546,243	-	1
Teachers' retirement	2,434,244	2,213,169	2,213,168	-	1
Social security	2,031,701	2,054,227	2,054,227	-	-
Workers' compensation benefits	149,000	149,000	147,789	-	1,211
Life insurance	10,000	10,000	9,534	-	466
Unemployment benefits	60,000	2,918	1,917	1,000	1
Hospital, medical and dental insurance	6,507,737	6,539,804	6,539,090	713	1
Union welfare benefits	522,000	503,150	503,150	-	-
Incentive and sick time payout	-	186,406	186,406	-	-
Total Employee Benefits	<u>12,449,442</u>	<u>12,204,918</u>	<u>12,201,524</u>	<u>1,713</u>	<u>1,681</u>

**DEBT SERVICE**

## Principal

Serial bonds	685,000	685,000	685,000	-	-
Energy performance contract	418,835	418,835	418,835	-	-
Installment purchase debt	468,776	20,045	20,045	-	-

	<u>1,572,611</u>	<u>1,123,880</u>	<u>1,123,880</u>	<u>-</u>	<u>-</u>
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## Interest

Serial bonds	194,250	194,250	194,250	-	-
Bond anticipation notes	275,200	267,719	267,719	-	-
Energy performance contract	180,721	180,721	180,721	-	-
Installment purchase debt	-	1,776	1,776	-	-

	<u>650,171</u>	<u>644,466</u>	<u>644,466</u>	<u>-</u>	<u>-</u>
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Total Debt Service	<u>2,222,782</u>	<u>1,768,346</u>	<u>1,768,346</u>	<u>-</u>	<u>-</u>
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<b>TOTAL EXPENDITURES</b>	<u>53,835,425</u>	<u>53,851,440</u>	<u>52,198,318</u>	<u>474,745</u>	<u>1,178,377</u>
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**OTHER FINANCING USES**

## Transfers out

Special Aid Fund	90,000	90,000	88,285	-	1,715
Capital Projects Fund	3,068,000	3,051,985	3,051,985	-	-

<b>TOTAL OTHER FINANCING USES</b>	<u>3,158,000</u>	<u>3,141,985</u>	<u>3,140,270</u>	<u>-</u>	<u>1,715</u>
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<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 56,993,425</u>	<u>\$ 56,993,425</u>	<u>\$ 55,338,588</u>	<u>\$ 474,745</u>	<u>\$ 1,180,092</u>
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See independent auditors' report.

**Putnam Valley Central School District, New York**

Capital Projects Fund  
 Project-Length Schedule  
 Inception of Project Through June 30, 2023

PROJECT	Project Budget	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
General Reconstruction				
General Reconstruction	\$ 1,617,676	\$ 1,585,367	\$ -	\$ 1,585,367
Middle School Roof	257,000	257,000	-	257,000
Middle School Elevator	140,674	140,674	-	140,674
Window Replacements	17,850	-	-	-
HVAC	111,325	111,325	-	111,325
Boiler	39,900	39,900	-	39,900
Paving	65,575	65,575	-	65,575
	<u>2,250,000</u>	<u>2,199,841</u>	<u>-</u>	<u>2,199,841</u>
School Buses	500,000	438,420	-	438,420
Capital Facilities				
Middle School and District-Wide Improvements	14,810,000	14,242,143	452,794	14,694,937
High School Roof Replacement	1,390,000	-	90,707	90,707
Modular Remodel	175,000	-	89,469	89,469
Outdoor Learning Spaces	103,000	-	23,652	23,652
Elementary School Water Filtration	80,000	-	79,405	79,405
Mezzanine Security Enclosure	90,000	-	87,146	87,146
High School Courtyard Learning Wall	230,000	-	195,709	195,709
Totals	<u>\$ 19,628,000</u>	<u>\$ 16,880,404</u>	<u>\$ 1,018,882</u>	<u>\$ 17,899,286</u>

See independent auditors' report.



Unexpended Balance	Methods of Financing			Fund Balance (Deficit) at June 30, 2023	Bond Anticipation Notes Outstanding at June 30, 2023
	Interfund Transfers	Proceeds of Obligations	Total		
\$ 32,309	\$ -	\$ 1,635,526	\$ 1,635,526	\$ 50,159	\$ -
-	-	257,000	257,000	-	-
-	-	140,674	140,674	-	-
17,850	-	-	-	-	-
-	-	111,325	111,325	-	-
-	-	39,900	39,900	-	-
-	-	65,575	65,575	-	-
<u>50,159</u>	<u>-</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>50,159</u>	<u>-</u>
61,580	184,695	37,500	222,195	(216,225)	219,122
115,063	2,365,000	15,000	2,380,000	(12,314,937)	12,430,000
1,299,293	1,390,000	-	1,390,000	1,299,293	
85,531	175,000	-	175,000	85,531	
79,348	103,000	-	103,000	79,348	
595	80,000	-	80,000	595	
2,854	90,000	-	90,000	2,854	
34,291	230,000	-	230,000	34,291	
<u>\$ 1,728,714</u>	<u>\$ 4,617,695</u>	<u>\$ 2,302,500</u>	<u>\$ 6,920,195</u>	<u>\$ (10,979,091)</u>	<u>\$ 12,649,122</u>

**Putnam Valley Central School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2023

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and equivalents	\$ 452,972	\$ 196,682	\$ 649,654
Receivables			
Accounts	-	234	234
State and Federal aid	23,686	-	23,686
Due from other funds	-	23,120	23,120
	<u>23,686</u>	<u>23,354</u>	<u>47,040</u>
Inventories	<u>6,881</u>	-	<u>6,881</u>
Total Assets	<u>\$ 483,539</u>	<u>\$ 220,036</u>	<u>\$ 703,575</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 56,412	\$ 265	\$ 56,677
Unearned revenue	12,625	-	12,625
Due to other funds	-	6,300	6,300
Due to other governments	176	-	176
Total Liabilities	<u>69,213</u>	<u>6,565</u>	<u>75,778</u>
Fund balances			
Nonspendable	6,881	-	6,881
Restricted	-	213,471	213,471
Assigned	407,445	-	407,445
Total Fund Balances	<u>414,326</u>	<u>213,471</u>	<u>627,797</u>
Total Liabilities and Fund Balances	<u>\$ 483,539</u>	<u>\$ 220,036</u>	<u>\$ 703,575</u>

See independent auditors' report.

**Putnam Valley Central School District, New York**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2023

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
<b>REVENUES</b>			
Use of money and property	\$ 2,344	\$ 641	\$ 2,985
State aid	9,766	-	9,766
Federal aid	303,655	-	303,655
Food sales	517,152	-	517,152
Miscellaneous	55,712	163,692	219,404
	<u>888,629</u>	<u>164,333</u>	<u>1,052,962</u>
<b>EXPENDITURES</b>			
Current			
Cost of food sales	860,312	-	860,312
Other	-	159,242	159,242
	<u>860,312</u>	<u>159,242</u>	<u>1,019,554</u>
Excess of Revenues Over Expenditures	28,317	5,091	33,408
<b>FUND BALANCES</b>			
Beginning of Year	<u>386,009</u>	<u>208,380</u>	<u>594,389</u>
End of Year	<u><u>\$ 414,326</u></u>	<u><u>\$ 213,471</u></u>	<u><u>\$ 627,797</u></u>

See independent auditors' report.

## Putnam Valley Central School District, New York

### General Fund Analysis of Change from Adopted Budget to Final Budget Year Ended June 30, 2023

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Adopted Budget		\$ 55,823,530
Encumbrances		<u>1,169,895</u>
Original Budget		56,993,425
Budget Amendments		<u>-</u>
Final Budget		<u><u>\$ 56,993,425</u></u>

### General Fund Section 1318 of Real Property Tax Law Limit Calculation

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2023-24 Expenditure Budget		\$ <u>58,145,135</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	\$ 474,745	
Unassigned fund balance	<u>2,325,801</u>	
Total Unrestricted Fund Balance		<u>2,800,546</u>
Less		
Encumbrances		<u>474,745</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,325,801</u></u>
Actual Percentage		<u><u>4.00%</u></u>

See independent auditors' report.

**Putnam Valley Central School District, New York**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2023

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Capital Assets, net		\$ 47,892,873
Less		
Bonds Payable	\$ (3,199,911)	
Energy Performance Contract Payable	(4,945,524)	
Unamortized Portion of Premium on Bonds	(665,594)	
Bond Anticipation Notes Payable	(12,649,122)	
Installment Purchase Debt	<u>(20,913)</u>	(21,481,064)
Plus		
Unexpended Debt Proceeds	168,119	
Unamortized Portion of Loss on Refunding Bonds	<u>101,021</u>	<u>269,140</u>
Net Investment in Capital Assets		<u>\$ 26,680,949</u>

See independent auditors' report.

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**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**

**Independent Auditors' Report**

**The Board of Education of the  
Putnam Valley Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam Valley Central School District, New York ("School District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 21, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 21, 2023





**Report on Compliance For Each Major Federal Program and Report  
on Internal Control Over Compliance Required by  
the Uniform Guidance**

**Independent Auditors' Report**

**The Board of Education of the  
Putnam Valley Central School District, New York**

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

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

We have audited the Putnam Valley Central School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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

## ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 21, 2023

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**Putnam Valley Central School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
National School Lunch Program - Commodities	10.555	N/A	\$ -	\$ 28,778
Summer Food Service Program for Children	10.559	N/A	-	274,877
			<u>-</u>	<u>303,655</u>
Total U.S. Department of Agriculture				
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-23-0741	-	343,392
Special Education - Grants to States (ARP Supplemental 611)	84.027X	5532-22-0741	-	72,887
Special Education - Grants to States (ARP Supplemental 619)	84.173	0033-23-0741	-	18,595
ARP - IDEA Part B Sec 619	84.173x	5533-22-0741	-	8,113
			<u>-</u>	<u>442,987</u>
Subtotal Special Education Cluster				
Title I Grants to Local Educational Agencies	84.010	0021-23-2460	-	184,299
Title III - Part A	84.031A	0293-23-2460	-	9,316
Supporting Effective Instruction State Grants	84.367	0147-23-2460	-	34,638
Student Support and Academic Enrichment Program	84.424A	0204-22-2460	-	12,025
Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)	84.425D	5890-21-2460	-	889,116
ARP ESSER II	84.425U	5880-21-2460	-	320,131
			<u>-</u>	<u>1,209,247</u>
Total U.S. Department of Education				
			<u>-</u>	<u>1,892,512</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,196,167</u>

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

## **Putnam Valley Central School District, New York**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

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### **Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the Putnam Valley Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2023. The information in this 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"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **Note 3 - Indirect Cost Rate**

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Putnam Valley Central School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_ Yes    X No  
\_\_\_ Yes    X None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes    X No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_ Yes    X No  
\_\_\_ Yes    X None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

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

\_\_\_ Yes    X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

10.555  
10.559

Child Nutrition Cluster  
National School Lunch Program - Commodities  
Summer Food Service Program for Children

84.425D

Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)

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

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes    X No

**Putnam Valley Central School District, New York**

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2023

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None



**Putnam Valley Central School District, New York**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023

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None