

AVOCA CENTRAL SCHOOL DISTRICT
AUDIT REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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2022 REPORTING PACKAGE

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AVOCA CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Avoca Central School District

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Avoca Central School District
Avoca, New York**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 6 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Also, as described in Note 7, the District had a prior period adjustment of its fixed assets. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the *Avoca Central School District's* June 30, 2021 financial statements, and our report dated September 21, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10) and budgetary comparison information (pages 37-38) schedule of changes in District's net OPEB liability and related ratios (page 44), schedule of District contributions – OPEB (page 45), schedule of the District contributions for defined benefit pension plans (page 46) and the schedule of the District's proportionate share of the net pension asset/liability (page 47) 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 **Avoca Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2022, on our consideration of the *Avoca Central School District's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the *Avoca Central School District's* internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering *Avoca Central School District's* internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 20, 2022**

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

Page 4

I. Discussion and Analysis

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

II. Financial Highlights

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

- Overall net position of the District increased during the current year in the amount of \$1,381,000 from operations as compared to an decrease of \$377,000 during the prior fiscal year.
- The District's total revenue increased approximately 5% from \$14,940,000 for the year ended June 30, 2021 to \$15,675,000 for the year ended June 30, 2022. This increase was primarily the result of an increase in Pandemic related Federal grants.
- The District's total expenses decreased approximately 7% from \$15,317,000 during the year ended June 30, 2021 to \$14,294,000 during the year ended June 30, 2022. This decrease was primarily the result of decreases in employee benefits costs related to pension costs and other post-retirement benefit (OPEB) costs related to actuarial updates.
- The District had capital outlays during the current year in the amount of \$351,000, which primarily related to costs associated with the capital projects, vehicle purchases and right-to-use assets.

III. Overview of the Financial Statements

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

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

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

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

1. Statement of Net Position

The Statement of Net Position (page 11) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

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

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

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

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

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

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

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

The District has two kinds of funds:

1. Governmental Funds

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

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

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

1. Governmental Funds (continued)

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

2. Fiduciary Funds

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

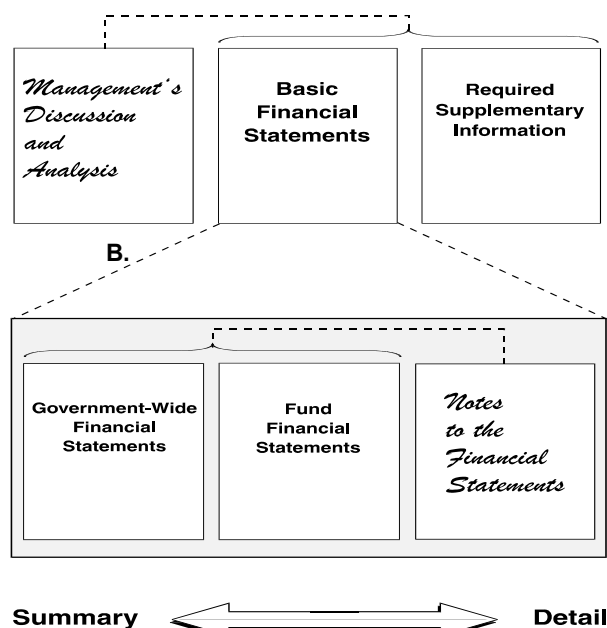
Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

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

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

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$6,934,000. The components of net position include: net investment in capital and right-to-use assets, of \$17,344,000; restricted net position of \$4,234,000; and unrestricted net deficit of \$14,644,000.

Changes in Net Position

The District's total government-wide revenue increased by approximately 5%, to \$15,675,000. Approximately 16%, 11% and 69% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 4% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

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

Changes in Net Position (continued)

The total cost of all programs and services of the District decreased 7% to \$14,294,000. The District's expenses cover a range of services, with 68% related to instruction and 14% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 5%, while total expenses decreased 7%. The District's total net position decreased approximately \$1,381,000 or 25% from operations during the fiscal year ended June 30, 2022.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$15,675,000 for the fiscal year ended June 30, 2022. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 16% of the District's total revenue for governmental activities decreased approximately 0% during the year ended June 30, 2022 as a result of no change in the tax levy.
- The District's most significant revenue is state sources which represent \$10,913,000 or 69% of total governmental revenue. The District state sources decreased 0% due to a decrease in state aid from Smart Bond Act which was partially offset by an increase in NYS foundation.
- During the year ended June 30, 2022, the District saw an increase in program revenue in the amount of \$816,000, which mostly resulted from an increase in operating grants and contributions which increased \$762,000 and an increase in charges for services which increased \$54,000. The increase in operating grants and contributions were due to Pandemic related Federal grants received by the District.

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

Page 7

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$14,294,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support decreased by approximately \$364,000 or 15% as a result of decreased costs in employee benefits related to pension expense and OPEB expense from actuarial updates.
- The District's instruction costs decreased by approximately \$911,000 or 9% which was the result of decreased costs in employee benefits related to the pension expense and OPEB expense from actuarial updates.
- Debt service of the District decreased approximately \$133,000 during the year ended June 30, 2022 which related to a decrease in interest expense.
- Transportation costs of the District increased 25% or \$337,000 during the year ended June 30, 2022 due to increased costs in salaries, depreciation and fuel costs which were partially offset by a decrease in employee benefits related to actuarial updates to pensions and OPEB expense.
- The District's cost of sales (food service fund) totaled \$406,000 during the current year as compared to \$370,000 during the fiscal year ended June 30, 2021. This increase was the result of more meals served during the current year and higher food costs due to inflation.
- The District received approximately \$1,841,000 of operating grants and charges for services from its state and federal grants and tuition which subsidized certain programs of the District.
- Most of the District's net costs (\$12 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Avoca Central School District Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
Assets			
Current and other assets	\$ 12,449	\$ 6,818	83%
Capital and right-to-use assets	28,021	29,353	-5%
Total assets	40,470	36,171	12%
Deferred outflows of resources			
Deferred outflows related to bonds	153	251	-39%
Deferred outflows related to pensions and OPEB	10,944	12,730	-14%
Deferred outflows of resources and assets	\$ 51,567	\$ 49,152	5%
Liabilities			
Other liabilities	\$ 782	\$ 569	38%
Long-term liabilities	29,067	36,811	-21%
Total liabilities	29,849	37,380	-20%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	14,784	6,303	135%
Deferred inflows of resources and liabilities	44,633	43,683	2%
Net position			
Net investment in capital and right-to-use assets	17,344	16,322	6%
Restricted	4,234	3,710	14%
Unrestricted (deficit)	(14,644)	(14,563)	1%
Total net position	6,934	5,469	27%
Total liabilities, deferred inflows of resources and net position	\$ 51,567	\$ 49,152	5%

Figure A-4 – Changes in Net Position

Avoca Central School District Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
Revenue			
Program revenue			
Charges for services	\$ 82	\$ 28	193%
Operating grants and contributions	1,759	997	76%
General revenue			
Real property taxes	2,433	2,444	- %
Use of money & property	7	20	-65%
Sale of property & comp for loss	26	30	-13%
State sources	10,913	10,929	- %
Federal sources	98	187	-48%
Miscellaneous	357	305	17%
Total revenue	15,675	14,940	5%
Expenses			
General support	2,081	2,445	-15%
Instruction	9,760	10,671	-9%
Transportation	1,667	1,330	25%
Community services	12	-	n/a
Debt service - interest	368	501	-27%
Cost of sales	406	370	10%
Total expenses	14,294	15,317	-7%
Change in net position	\$ 1,381	\$ (377)	

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

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Figure A-5 – Sources of Revenue

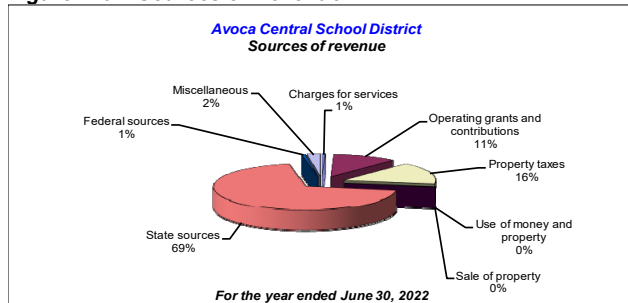


Figure A-6 – Expenses

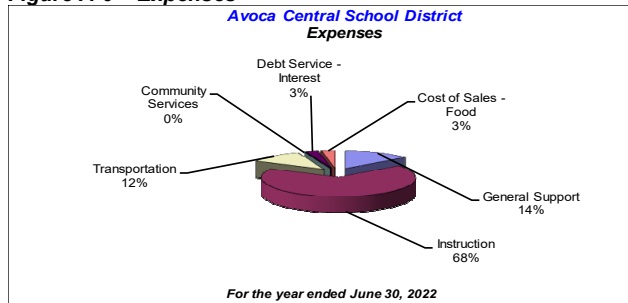


Figure A-7 – Expenditures Supported with Program Revenue

Avoca Central School District Expenditures supported with program revenue (in thousands of dollars)				
	Governmental Activities & Total District			
	2022	2021		
Expenditures supported with general revenue (from taxes & other sources)	\$ 12,453	87%	\$ 14,292	93%
Expenditures supported with program revenue	1,841	13%	1,025	7%
Total expenditures related to governmental activities	\$ 14,294	100%	\$ 15,317	100%

Figure A-8 – Net Cost of Governmental Activities

Avoca Central School District Net Cost of Governmental Activities (in thousands of dollars)						
	Total cost of services			Net cost of services		
	2022	2021	Change	2022	2021	Change
General support	\$ 2,081	\$ 2,445	\$ (364)	\$ 2,081	\$ 2,425	\$ (344)
Instruction	9,760	10,671	(911)	8,428	10,141	(1,713)
Transportation	1,667	1,330	337	1,667	1,330	337
Community services	12	-	12	12	-	12
Debt service - interest	368	501	(133)	368	501	(133)
Cost of sales - food	406	370	36	(103)	(105)	2
Total	\$ 14,294	\$ 15,317	\$ (1,023)	\$ 12,453	\$ 14,292	\$ (1,839)

V. Financial Analysis of the School District's Funds

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

General Fund

- The District's general fund revenues exceeded its expenditures by approximately \$1,078,000.
- The District's general fund unassigned fund balance equated to approximately \$2,689,000 as of June 30, 2022.
- The District has many fund balance reserves during the year ended June 30, 2022, and had a total restricted fund balance of approximately \$3,680,000.
- The District's total assets increased approximately \$1,282,000 as of June 30, 2022, primarily due to an increase in cash. The District's liabilities increased approximately \$199,000, primarily from an increase in accrued liabilities.
- Total revenue in the District's general fund increased \$492,000, which was primarily related to an increase in State foundation aid.
- Total expenditures in the District's general fund decreased \$96,000 which was primarily related to decreases in salaries and benefits as some cost were applied to federal grants and recorded in the special aid fund in the current year.

Food Service Fund

- The District's food service fund experienced a \$103,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$509,000 during 2022 as compared with \$475,000 in 2021. Expenditures in the food service fund increased approximately \$36,000. These increases resulted from the serving of more meals, receiving higher reimbursement rates and incurring higher food cost in the current year.

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

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**V. Financial Analysis of the School District's Funds
(continued)**

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$740,000 which primarily resulted from Pandemic related Federal grants.

Capital Projects Fund

- The District had expenditures in the amount of approximately \$267,000 in capital projects during the year ended June 30, 2022, which was primarily related to costs associated with the energy performance project, capital outlay project and vehicle purchases.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes budget transfers. Actual expenditures were approximately \$1,560,000, below the revised budget. The most significant positive variances were in the areas of instruction, transportation and employee benefits which totaled \$973,000, \$106,000 and \$372,000, respectively, below that which were budgeted. Similarly, resources available for appropriations were approximately \$107,000 below the final budgeted amount. Significant variance of revenue items consisted of other sources and state sources, which were approximately \$262,000 and \$89,000, below the revised budget.

Figure A-9 – Budget vs. Actual Comparison

Figure 10-10 Actual Comparison

Avoca Central School District					
General Fund - Budget vs Actual Comparison (in thousands of dollars)					
	Revised				
	Budget	Actual	Difference	%	
Revenue					
Local sources	\$ 2,605	\$ 2,791	\$ 186	7%	
State sources	10,944	10,855	(89)	-1%	
Federal sources	40	98	58	145%	
Other sources	337	75	(262)	-78%	
Total revenue	\$ 13,926	\$ 13,819	\$ (107)	-1%	
Expenditures					
General support	\$ 1,662	\$ 1,564	\$ 98	6%	
Instruction	6,353	5,380	973	15%	
Transportation	888	782	106	12%	
Community Services	19	12	7	40%	
Employee benefits	2,538	2,166	372	15%	
Debt service	2,538	2,538	--	--%	
Operating transfers	304	300	4	1%	
Total expenditures	\$ 14,302	\$ 12,742	\$ 1,560	11%	

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

Capital Assets and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2022, the District had invested approximately \$28,021,000 in a broad range of capital and right-to use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2022, totaled approximately \$351,000 and consisted primarily of capital project costs, vehicle purchases and right-to-use assets. More detailed information about the District's capital and right-to-use assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2022, the District had approximately \$29,067,000 in bonds, other post-employment benefits, net pension liabilities and compensated absences, a decrease of approximately 21% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled debt payments. Other post-employment benefits liability decreased during the year related to a calculation performed by the third-party actuary. Net pension liabilities decreased due to both the TRS and ERS plans becoming an asset in the current year whereas in the prior year they were a liability.

Figure A-10 – Capital and Right-to-Use Assets

Avoca Central School District			
Capital and Right-to-Use Assets (net of depreciation/amortization)			
	Governmental Activities & Total District-wide		
	2022	2021	Change
Land	\$ 75,792	\$ 75,792	0%
Cost basis	53,938,706	53,527,211	1%
Accumulated depreciation/amortization	(25,993,949)	(24,249,975)	7%
Total Capital and Right-to-Use Assets, net	\$ 28,020,549	\$ 29,353,028	-5%

Figure A-11 – Outstanding Long-term Liabilities

Avoca Central School District			
Outstanding Long-Term Debt and Liabilities			
	Governmental Activities & Total District-wide		
	2022	2021	Change
Bonds payable	\$ 10,036,922	\$ 12,254,391	-18%
Installment purchase debt	735,628	781,813	-6%
Net pension liabilities - TRS & ERS	-	633,868	-100%
Other post-employment benefits	17,961,243	22,776,243	-21%
Compensated absences	333,336	364,945	-9%
Total Long-Term Debt	\$ 29,067,129	\$ 36,811,260	-21%

VIII. Factors Bearing on the District's Future

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

- The District is uncertain as to the level of state aid in the upcoming years as a result of the Pandemic.

IX. Contacting the District's Financial Management

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

Avoca Central School District
17-29 Oliver Street
District Administrative Offices
Attention: Mr. Matthew Pfleegor
School Business Administrator
Avoca, New York 14809

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

Schedule 1

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	2022	2021
Assets		
Cash and cash equivalents		
Unrestricted	\$ 2,850,443	\$ 1,831,212
Restricted	4,233,552	3,709,710
Receivables		
State and federal aid	672,674	803,518
Other receivables	13,008	23,214
Due from other governments	370,383	364,942
Inventories	23,129	22,068
Net pension asset - NYS Employers' Retirement System	259,783	-
Net pension asset - NYS Teachers' Retirement System	3,928,946	-
Cash to be used towards capital projects	97,401	64,616
Capital assets and right-to-use assets, net	28,020,549	29,353,028
Total assets	40,469,868	36,172,308
Deferred Outflows of Resources		
Deferred outflows related to bond refunding	153,416	250,701
Deferred outflows related to pensions	2,783,830	2,888,931
Deferred outflows related to OPEB	8,160,141	9,840,098
Total deferred outflows of resources	11,097,387	12,979,730
Total assets and deferred outflows of resources	\$ 51,567,255	\$ 49,152,038
Liabilities		
Current liabilities		
Accounts payable	\$ 115,233	\$ 79,484
Accrued liabilities	176,743	37,026
Accrued interest	19,000	23,000
Due to other governments	1,594	1,463
Due to retirement systems	445,838	427,662
Unearned revenue	23,849	-
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,980,000	1,940,000
Installment purchase debt	47,507	46,186
Portion due or payable after one year		
Bonds payable	8,056,922	10,314,391
Installment purchase debt	688,121	735,627
Net pension liability - NYS Teachers' Retirement System	-	630,663
Net pension liability - NYS Employees' Retirement System	-	3,205
Other post-employment benefits	17,961,243	22,776,243
Compensated absences	333,336	364,945
Total liabilities	29,849,386	37,379,895
Deferred Inflows of Resources		
Deferred inflows related to pensions	5,284,720	1,298,663
Deferred inflows related to OPEB	9,498,806	5,004,392
Total deferred inflows of resources	14,783,526	6,303,055
Total liabilities and deferred inflows of resources	44,632,912	43,682,950
Net Position		
Net investment in capital assets and right-to-use assets	17,344,351	16,322,596
Restricted	4,233,552	3,709,710
Unrestricted (deficit)	(14,643,560)	(14,563,218)
Total net position	6,934,343	5,469,088
Total liabilities, deferred inflows of resources and net position	\$ 51,567,255	\$ 49,152,038

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

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

Schedule 2

Page 12

	Expenses	Indirect Expenses Allocation	Program Revenues		2022 Net (Expense) Revenue and Changes in Net Position	2021 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 1,861,423	\$ 219,359	\$ -	\$ -	\$ (2,080,782)	\$ (2,425,208)
Instruction	8,836,601	924,471	59,976	1,272,308	(8,428,788)	(10,140,674)
Pupil transportation	1,042,493	624,143	-	-	(1,666,636)	(1,330,006)
Community services	12,119	-	-	-	(12,119)	-
Debt service	367,559	-	-	-	(367,559)	(500,920)
Food service program	405,856	-	22,297	486,795	103,236	105,098
Depreciation and amortization	1,767,973	(1,767,973)	-	-	-	-
Total functions and programs	<u>\$ 14,294,024</u>	<u>\$ -</u>	<u>\$ 82,273</u>	<u>\$ 1,759,103</u>	<u>(12,452,648)</u>	<u>(14,291,710)</u>
General Revenues						
Real property taxes					2,433,329	2,443,956
Use of money and property					7,431	19,621
Sale of property and compensation for loss					25,823	30,250
Miscellaneous					355,603	304,653
State sources					10,913,221	10,928,948
Federal sources					98,141	187,163
Total general revenues					<u>13,833,548</u>	<u>13,914,591</u>
Change in net position					1,380,900	(377,119)
Net position - beginning of year					5,469,088	5,738,503
Prior period adjustments					84,355	107,704
Net position - end of year					<u>\$ 6,934,343</u>	<u>\$ 5,469,088</u>

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

Schedule 3

Page 13

	Governmental Funds						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash and cash equivalents	\$ 2,638,462	\$ (13,116)	\$ 118,047	\$ -	\$ -	\$ 104,135	\$ 2,847,528	\$ 1,827,970
Restricted cash and cash equivalents	3,680,175	-	-	556,292	97,401	-	4,333,868	3,777,568
Due from other funds	530,148	-	-	1,049	-	-	531,197	385,260
State and federal aid receivable	147,383	445,552	79,739	-	-	-	672,674	803,518
Other receivables	10,929	-	2,079	-	-	-	13,008	23,214
Due from other governments	332,616	-	37,767	-	-	-	370,383	364,942
Inventories	-	-	23,129	-	-	-	23,129	22,068
Total assets	\$ 7,339,713	\$ 432,436	\$ 260,761	\$ 557,341	\$ 97,401	\$ 104,135	\$ 8,791,787	\$ 7,204,540
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 115,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,233	\$ 79,484
Accrued liabilities	170,312	4,074	2,357	-	-	-	176,743	37,026
Due to other funds	88,527	404,513	19,356	17,752	1,049	-	531,197	385,260
Unearned revenue	-	23,849	-	-	-	-	23,849	-
Due to other governments	-	-	1,594	-	-	-	1,594	1,463
Due to Teachers' Retirement System	418,093	-	-	-	-	-	418,093	386,254
Due to Employees' Retirement System	27,745	-	-	-	-	-	27,745	41,408
Total liabilities	819,910	432,436	23,307	17,752	1,049	-	1,294,454	930,895
Fund Equity								
Nonspendable	-	-	23,129	-	-	-	23,129	22,068
Restricted	3,680,175	-	-	539,589	-	13,788	4,233,552	3,709,710
Committed	-	-	-	-	-	90,347	90,347	90,864
Assigned	150,767	-	214,325	-	96,352	-	461,444	288,672
Unassigned	2,688,861	-	-	-	-	-	2,688,861	2,162,331
Total fund equity	6,519,803	-	237,454	539,589	96,352	104,135	7,497,333	6,273,645
Total liabilities and fund equity	\$ 7,339,713	\$ 432,436	\$ 260,761	\$ 557,341	\$ 97,401	\$ 104,135	\$ 8,791,787	\$ 7,204,540

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

Schedule 4

Page 14

	<i>Governmental Funds</i>						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 2,433,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,433,329	\$ 2,443,956
Charges for services	59,976	-	-	-	-	-	59,976	18,572
Use of money and property	6,526	-	37	95	-	810	7,468	19,632
Sale of property and compensation for loss	25,823	-	-	-	-	-	25,823	6,310
Miscellaneous	265,750	-	5,089	-	11	89,842	360,692	306,904
State sources	10,855,420	217,333	56,313	-	57,801	-	11,186,867	11,150,143
Federal sources	98,141	1,054,975	402,167	-	-	-	1,555,283	947,317
Surplus food	-	-	28,315	-	-	-	28,315	15,604
Sales (school food service)	-	-	17,171	-	-	-	17,171	7,698
Total revenue	13,744,965	1,272,308	509,092	95	57,812	90,652	15,674,924	14,916,136
Expenditures								
General support	1,564,434	-	117,820	-	-	-	1,682,254	1,668,534
Instruction	5,379,302	1,173,066	-	-	-	-	6,552,368	6,107,120
Pupil transportation	782,321	-	-	-	108,186	-	890,507	820,873
Community services	12,119	-	-	-	-	-	12,119	-
Employee benefits	2,166,051	99,242	45,747	-	-	-	2,311,040	2,452,426
Debt service								
Principal	1,986,185	-	-	-	-	-	1,986,185	1,645,000
Interest	551,743	-	-	-	-	-	551,743	733,191
Capital outlay	-	-	-	-	131,871	-	131,871	3,448,931
Cost of sales	-	-	138,628	-	-	-	138,628	117,766
Other expenses	-	-	103,661	-	-	90,860	194,521	129,451
Total expenditures	12,442,155	1,272,308	405,856	-	240,057	90,860	14,451,236	17,123,292
Excess (deficiency) of revenue over expenditures	1,302,810	-	103,236	95	(182,245)	(208)	1,223,688	(2,207,156)
Other sources and uses								
Operating transfers in	75,000	-	-	26,831	299,656	-	401,487	470,425
Operating transfers out	(299,656)	-	-	(75,000)	(26,831)	-	(401,487)	(470,425)
Total other sources	(224,656)	-	-	(48,169)	272,825	-	-	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,078,154	-	103,236	(48,074)	90,580	(208)	1,223,688	(2,207,156)
Fund equity, beginning of year	5,441,649	-	134,218	587,663	5,772	104,343	6,273,645	8,373,097
Prior period adjustments	-	-	-	-	-	-	-	107,704
Fund equity , end of year	\$ 6,519,803	\$ -	\$ 237,454	\$ 539,589	\$ 96,352	\$ 104,135	\$ 7,497,333	\$ 6,273,645

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

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

Total fund balances - governmental funds		\$ 7,497,333
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:		
Cost of the assets	54,014,498	
Accumulated depreciation/amortization	<u>(25,993,949)</u>	28,020,549
District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		4,188,729
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(19,000)
Deferred outflows from the refunding of debt is reported on the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in the combined statement of revenue, expense and changes in fund equity.		153,416
District's proportionate share of actuarial calculated pension expense and net amortization of deferred outflows and inflows related to pension are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		(2,500,890)
Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.		(1,338,665)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(10,036,922)	
Installment purchase debt	(735,628)	
Other post-employment benefits	(17,961,243)	
Compensated absences	<u>(333,336)</u>	(29,067,129)
Total net position - governmental activities		\$ 6,934,343

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 7,181,396	\$ -	\$ -	\$ (97,401)	\$ 7,083,995
Due from other funds	531,197	-	-	(531,197)	-
State and federal aid receivable	672,674	-	-	-	672,674
Other receivables	13,008	-	-	-	13,008
Due from other governments	370,383	-	-	-	370,383
Inventories	23,129	-	-	-	23,129
Net pension assets	-	4,188,729	-	-	4,188,729
Cash to be used towards capital projects	-	-	-	97,401	97,401
Capital assets and right-to-use assets, net	-	28,020,549	-	-	28,020,549
Total assets	8,791,787	32,209,278	-	(531,197)	40,469,868
Deferred Outflows of Resources					
Deferred outflows related to bond refunding	-	153,416	-	-	153,416
Deferred outflows related to pensions	-	2,783,830	-	-	2,783,830
Deferred outflows related to OPEB	-	8,160,141	-	-	8,160,141
Total assets and deferred outflows of resources	\$ 8,791,787	\$ 43,306,665	\$ -	\$ (531,197)	\$ 51,567,255
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 115,233	\$ -	\$ -	\$ -	\$ 115,233
Accrued liabilities	176,743	-	-	-	176,743
Accrued interest	-	-	19,000	-	19,000
Due to other funds	531,197	-	-	(531,197)	-
Unearned revenue	23,849	-	-	-	23,849
Due to other governments	1,594	-	-	-	1,594
Due to retirement systems	445,838	-	-	-	445,838
Bonds payable	-	-	10,036,922	-	10,036,922
Installment purchase debt	-	-	735,628	-	735,628
Net pension liability-ERS	-	-	-	-	-
Other post-employment benefits	-	-	17,961,243	-	17,961,243
Compensated absences	-	-	333,336	-	333,336
Total liabilities	1,294,454	-	29,086,129	(531,197)	29,849,386
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	5,284,720	-	5,284,720
Deferred inflows related to OPEB	-	-	9,498,806	-	9,498,806
Total liabilities and deferred inflows of resources	1,294,454	-	43,869,655	(531,197)	44,632,912
Fund equity and net position	7,497,333	43,306,665	(43,869,655)	-	6,934,343
Total liabilities, deferred inflows of resources, and fund equity and net position	\$ 8,791,787	\$ 43,306,665	\$ -	\$ (531,197)	\$ 51,567,255

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

Total net change in fund balances - governmental funds		\$ 1,223,688
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	\$ 351,139	
Depreciation/amortization expense	<u>(1,767,973)</u>	(1,416,834)
Repayment of bond (including refunding) and bond anticipation notes redeemed from appropriations are recorded as an expenditure in the governmental funds, but the repayment reduces long-term and short-term liabilities in the statement of net position.		
		1,986,185
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when its due, and thus required the use of current financial resources. In the state of activities, however, interest expense is recognized as it accrues, regardless of when it is due. In addition, premiums on bond anticipation notes and bonds are recorded as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense. Lastly, amortization of deferred outflows related to bond refundings are also reflected in the statement of activities.		
		184,184
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		
		731,439
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to OPEB plan.		
		(1,359,371)
In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences changed by this amount.		
		<u>31,609</u>
Change in net position of governmental activities		<u>\$ 1,380,900</u>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 2,433,329	\$ -	\$ -	\$ -	\$ 2,433,329
Charges for services	59,976	-	-	(59,976)	-
Use of money and property	7,468	-	-	(37)	7,431
Sale of property and compensation for loss	25,823	-	-	-	25,823
Miscellaneous	360,692	-	-	(5,089)	355,603
State sources	11,186,867	-	-	(273,646)	10,913,221
Federal sources	1,555,283	-	-	(1,457,142)	98,141
Surplus food	28,315	-	-	(28,315)	-
Sales (school food service)	17,171	-	-	(17,171)	-
Total revenue	15,674,924	-	-	(1,841,376)	13,833,548
Expenditures					
General support	1,682,254	154,182	-	244,346	2,080,782
Instruction	6,552,368	908,566	(31,609)	999,463	8,428,788
Pupil transportation	890,507	485,957	-	290,172	1,666,636
Community services	12,119	-	-	-	12,119
Employee benefits	2,311,040	-	627,932	(2,938,972)	-
Debt service	2,537,928	-	(2,170,369)	-	367,559
Capital outlay	131,871	(131,871)	-	-	-
Cost of sales and other expense	333,149	-	-	(436,385)	(103,236)
Total expenditures	14,451,236	1,416,834	(1,574,046)	(1,841,376)	12,452,648
Excess (deficiency) of revenue over expenditures	1,223,688	(1,416,834)	1,574,046	-	1,380,900
Other sources and uses					
Operating transfers in	401,487	-	-	(401,487)	-
Operating transfers out	(401,487)	-	-	401,487	-
Total other sources	-	-	-	-	-
Net change for year	\$ 1,223,688	\$ (1,416,834)	\$ 1,574,046	\$ -	\$ 1,380,900

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

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

B. Joint Venture

The **Avoca Central School District** is a component of the Supervisory District of the Steuben and Allegany Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

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

During the year, the District was billed \$2,050,000 for BOCES administration, program and capital costs. The District's share of BOCES aid and refunds amounted to \$1,040,000 for the year ended June 30, 2022. Financial statements for the Steuben and Allegany Counties BOCES are available at the BOCES administrative offices.

C. Basis of Presentation

1. District-wide Statements

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

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

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

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

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

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted and committed to expenditures for specified purposes including the extraclassroom activity funds and scholarships.

3. Fiduciary Fund Types

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

D. Measurement Focus and Basis of Accounting

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

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

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

I. Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,500	Straight-line	15-50 years
Land			
improvements	\$ 2,500	Straight-line	15-50 years
Furniture and equipment	\$ 2,500	Straight-line	5-25 years
Transportation vehicles	\$ 2,500	Straight-line	5-7 years

J. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

K. Post-Employment Benefits

The District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums (for retirees and their dependents) as an expenditure in the general fund in the year paid.

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

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

L. Deferred Inflows and Outflows of Resources

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

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

M. Fund Equity

1. Governmental Funds

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

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

M. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). The District had nonspendable fund balance in the food service fund in the amount of \$23,129 as of June 30, 2022.

B. Restricted

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

1. Reserve for Unemployment

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

2. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

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

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

M. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

3. Reserve for Debt Service

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These reserves are accounted for in the Debt Service Fund.

4. Reserve for Insurance Recoveries

This reserve contains the difference between the insurance recovery received for the destruction of District property and the cost of replacement. This reserve is recorded in the in the General Fund.

5. Reserve for Retirement Contribution

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

6. Reserve for TRS Contributions Sub-Fund

This reserve is used to accumulate funds for teachers' retirement system contributions. The reserve is limited annually by 2% and in total 10% of teachers' retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

7. Tax Certiorari Reserve

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

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

M. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

8. Reserve for Workers' Compensation

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program.

Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

9. Capital Reserve

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

10. Capital Reserve - Transportation

This reserve is used to accumulate funds to finance all or a portion of future transportation equipment purchases. Voter authorization is required for both the establishment of the reserves and payments from the reserves. This reserve is accounted for in the General Fund.

11. Reserve for Scholarships

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

C. Committed

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

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

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

M. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned

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

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Encumbrance reserve totaled \$87,106 as of June 30, 2022.

2. Appropriated Fund Balance

General Fund – The amount of \$63,661 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2023 as allowed by section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide Financial Statements

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

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

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

M. Fund Equity (continued)

**2. Government-wide Financial Statements
(continued)**

B. Restricted

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

C. Unrestricted

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

3. Order of Fund Balance Spending Policy

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

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

N. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b. The proposed appropriations budget is approved by the voters within the District.
- c. Appropriations are adopted at the program level.

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

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

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

1. Budget Policies (continued)

- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District did supplemental appropriations during the year ended June 30, 2022. The amount of \$203,998 relates to bus purchases.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

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

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

O. Property Taxes

1. Calendar

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

2. Enforcement

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

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

P. Interfund Transfers

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

Q. Deferred Compensation Plan

Avoca Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

R. Estimates

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

S. Reclassifications

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

T. New Accounting Pronouncement

Effective July 1, 2021, the District implemented the provisions of GASB Statement 87 which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, thereby, eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the district-wide statement of net position.

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

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

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

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

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

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

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

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

1. Long-term Revenue Differences

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

2. Long-term Asset Transactions Differences

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

3. Long-term Liability Transaction Differences

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

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

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

4. Pension differences

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

5. OPEB differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Cash

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

B. Deposits

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

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B. Deposits (continued)

- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2022 per the bank (including certificates of deposits) were approximately \$7,287,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 500,000	\$ 6,787,000	\$ -	\$ 7,287,000

C. Interfund Transactions

Interfund balances as of June 30, 2022 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 530,148	\$ 88,527
School Lunch Fund	-	19,356
Special Aid Fund	-	404,513
Debt Service Fund	1,049	17,752
Capital Fund	-	1,049
Total	\$ 531,197	\$ 531,197

	Interfund Revenue	Interfund Expense
General Fund	\$ 75,000	\$ 299,656
Debt Service Fund	26,831	75,000
Capital Fund	299,656	26,831
Total	\$ 401,487	\$ 401,487

During the year ended June 30, 2022, the District transferred \$299,656 from the general fund to the capital projects fund to finance the capital outlay project and bus purchases for \$95,118 and \$204,538, respectively. The District transferred \$26,831 from the capital project fund to the debt service fund to close out a prior project. Lastly, the District transferred \$75,000 from the Debt Service Fund to the General Fund to cover debt service requirements.

D. Receivables

Receivables at June 30, 2022 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

D. Receivables (continued)

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 445,552
General	State and Federal Aid	147,383
General	Other receivables	10,929
Food Service	State and Federal Aid	79,739
Food Service	Other receivables	2,079
Food Service	Due from Other Governments	37,767
General	Due from Other Governments	332,616
		<u>\$ 1,056,065</u>

E. Capital and Right-to-Use Assets

I. Capital Assets

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

	Beginning Balance 06/30/21	Net Change	Ending Balance 06/30/22
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 75,792	\$ -	\$ 75,792
Construction in Progress	1,362,510	(652,319)	710,191
Capital assets that are depreciated:			
Buildings and improvements	49,578,893	653,426	50,232,319
Furniture, equipment, and vehicles	2,585,808	103,382	2,689,190
Total historical cost	53,603,003	104,489	53,707,492
Less accumulated depreciation:			
Buildings and improvements	21,662,362	1,904,665	23,567,027
Furniture, Equipment, and Vehicles	1,421,790	810,298	2,232,088
Total accumulated depreciation	23,084,152	\$ 2,714,963	25,799,115
Total net book value	<u>\$ 30,518,851</u>		<u>\$ 27,908,377</u>

II. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2022 in the amount of \$112,172. More information related to the right-to-use assets is disclosed in Note 6.

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

E. Capital and Right-to-Use Assets (continued)

III. Depreciation and Amortization

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

General support	\$	219,359
Instruction		924,471
Pupil transportation		624,143
	\$	<u>1,767,973</u>

IV. Additions

During the current year, the District had additions in the amount of \$351,139.

F. Liabilities

I. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

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

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

2. Contributions (continued)

For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Year		TRS		ERS
2022	\$	396,000	\$	151,000
2021		367,000		137,000
2020		350,000		128,000

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2022.

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

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

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

Actuarial measurement date	ERS 3/31/2022	TRS 6/30/2021
Net pension asset/(liability)	\$ 259,783	\$ 3,928,946
District's portion of the Plan's total net pension asset/(liability)	.0031779%	.0.22673%

For the year ended June 30, 2022, the District recognized pension expense (benefit) of \$12,488 for ERS and (\$215,467) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 19,674	\$ 541,564	\$ 25,518	\$ 20,413
Changes of assumptions	433,549	1,292,313	7,316	228,850
Net difference between projected and actual earnings on pension plan investments	-	-	850,681	4,112,049
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	14,564	57,977	13,204	26,689
District's contributions subsequent to the measurement date	27,745	396,444	-	-
Total	\$ 495,532	\$ 2,288,298	\$ 896,719	\$ 4,388,001

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

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

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

	ERS	TRS
Year ending:		
2023	\$ (64,377)	\$ (497,401)
2024	(96,125)	(589,354)
2025	(222,753)	(746,365)
2026	(45,677)	(988,780)
2027	-	193,530
Thereafter	-	132,223

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/22	6/30/21
Actuarial valuation date	4/1/21	6/30/20
Interest rate	5.9%	6.95%
Salary scale	4.4% average	1.95% - 5.18%
	4/1/15 – 3/31/20	7/1/15 – 6/30/20
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.7%	2.4%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

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

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS 3/31/22	Expected Rate of Return	TRS 6/30/21	Expected Rate of Return
Asset Type:				
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity	-%	-%	4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real Estate	9%	5.00%	11%	6.5%
Opportunistic/ARS portfolio	3%	4.10%	-%	-%
Credit	4%	3.78%	-%	-%
Real assets	3%	5.58%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.8%
High-yield fixed income securities	-%	-%	1%	3.8%
Fixed income	23%	-%	-%	-%
Cash and short-term	1%	-1.00%	1%	(.2)%
Real estate debt	-%	-%	7%	3.3%
Private debt	-%	-%	1%	5.9%
Total:	100%		100%	

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

5. Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset/(liability)	\$ (668,679)	\$ 259,783	\$ 1,036,397
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of net pension asset/(liability)	\$ 412,286	\$ 3,928,946	\$ 6,884,444

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

7. Pension Plan Fiduciary Net Position

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

	(In thousands)	
	ERS	TRS
Measurement date	3/31/22	6/30/21
Employers' total pension liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	\$ 232,049,473	\$ 148,148,457
Employers' net pension asset/(liability)	\$ 8,174,585	\$ 17,329,042
Ratio of plan net position to be		
Employers' total pension liability	103.65%	113.2%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$27,745.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$418,093 (employer contributions \$396,444 and employee contributions of \$21,649).

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2022, the plan had total active employees of 87 and retirees of 57.

Total OPEB Liability

The District's total OPEB liability of \$17,961,243 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Methods and Other Inputs

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

Inflation	2.50% per year
	Vary by pension retirement system membership (New York State Teachers Retirement System (TRS) or Employees Retirement System (ERS))
Salary increases	2.05% as of December 31, 2021
Discount rate	2021 – 6% reduced to an ultimate rate of 4.04% by 2075.
Healthcare cost trend rates	District pays 50% for single and 50% for family – based on years of service and credited months
Retirees' share of benefit-related costs	

The discount rate was based on the Bond Buyer 20-year Bond GO Index.

Mortality rates were based on the Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Service cost	\$ 1,164,115
Interest	504,558
Differences between expected and actual experience	(2,879,925)
Changes in assumptions	(3,321,400)
Benefit payments	(282,348)
Net changes	(4,815,000)
Net OPEB liability – beginning of year	22,776,243
Net OPEB liability – end of year	<u>\$ 17,961,243</u>

Changes in assumptions since the last valuation include a change in the discount rate from 2.12% in December 2020 to 2.05% in December 2021 which was updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of December 31, 2021. In addition, the healthcare cost trend changed from 5.4% decreasing gradually to 3.94% in 2075 to 6.0% decreasing gradually to 4.04% in 2075. The mortality schedule changed from using the MP-2019 to the MP-2021 table.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.05%) or 1 percentage point higher (3.05%) than the current discount rate:

	1% Decrease (1.05%)	Current Assumption (2.05%)	1% Increase (3.05%)
Total OPEB liability	<u>\$ 21,937,637</u>	<u>\$ 17,961,243</u>	<u>\$ 14,893,772</u>

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits (continued)

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

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

	1% Decrease (5.0%-3.04%)	Current Assumption (6.0%- 4.04%)	1% Increase (7.0%-5.04%)
Total OPEB liability	\$ 14,376,428	\$ 17,961,243	\$ 22,819,092

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,636,883. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,298,993
District's contributions subsequent to the measurement	163,707	-
Changes in assumptions	7,996,434	3,199,813
Total	\$ 8,160,141	\$ 9,498,806

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

Measurement Period Ended December:	
2023	\$ (31,790)
2024	(31,790)
2025	(31,790)
2026	47,250
2027	(234,432)
Thereafter	(1,219,820)

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes (BANs)

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will receive the proceeds from the issuance of bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

2. Long-Term Debt

a. Debt Limit

At June 30, 2022, the total indebtedness represents approximately 52% of its debt limit.

b. Serial Bonds

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

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2022 are summarized as follows:

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

	Balance June 30, 2022	Balance June 30, 2021	Amounts Due Within One Year
Serial bonds	\$ 10,036,922	\$ 12,254,391	\$ 1,980,000
Installment Purchase Debt	735,628	781,813	47,507
Other post- employment benefits	17,961,243	22,776,243	-
Compensated absences	333,336	364,945	-
Net pension liability-ERS	-	3,205	-
Net pension liability-TRS	-	630,663	-
	<u>\$ 29,067,129</u>	<u>\$ 36,811,260</u>	<u>\$ 2,027,507</u>

During the current year, the District made principal payments in the amount of \$1,940,000, as well as amortization of premiums in the amount of \$277,469. No new serial bonds were acquired in the current year. The District had principal payments on installment purchase debt of \$46,185. The net change in compensated absences was a decrease of \$31,609. The net change in other post-employment benefits was a decrease of \$4,815,000. The ERS and TRS net pension had a decrease in net pension liabilities in the amount of \$633,868, as both liabilities were reported as net pension assets in the current year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Summary

The following is a summary of maturity of the District's serial bonds and installment purchase debt:

Description of Issue	Outstanding June 30, 2022
Serial Bonds, issued in 2016 with a maturity date of June, 2028, bonds carry interest at 2.00% - 5.00%. Plus: Unamortized premium on bonds	\$ 2,995,000 197,340
Serial Bonds, issued in 2020 through DASNY Serial Bond, issued in 2020 with a maturity date of June, 2035, bonds carry interest of 2.736%. Plus: Unamortized premium on bonds	5,895,000 949,582
Installment Purchase Debt related to energy performance project, issued in 2020 with a maturity date of June 2035, carries interest of 2.842%.	735,628
	<u>\$ 10,772,550</u>

e. Maturity

The following is a summary of maturing debt service requirements for serial bonds and installment purchase debt.

Year	Serial Bonds – 2016	
	Principal	Interest
2023	\$ 1,400,000	\$ 138,850
2024	755,000	78,300
2025	195,000	41,000
2026	205,000	31,250
2027	215,000	22,000
2028	225,000	11,250
Total	<u>\$ 2,995,000</u>	<u>\$ 322,650</u>
Year	DASNY Serial Bonds – 2020	
	Principal	Interest
2023	\$ 580,000	\$ 294,750
2024	485,000	265,750
2025	410,000	241,500
2026	430,000	221,000
2027	460,000	199,500
2028-2032	2,145,000	664,250
2033-2035	1,385,000	140,750
Total	<u>\$ 5,895,000</u>	<u>\$ 2,027,500</u>

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

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity (continued)

Year	Installment Purchase Debt - 2020	
	Principal	Interest
2023	\$ 47,507	\$ 20,571
2024	48,867	19,212
2025	50,266	17,813
2026	51,705	16,374
2027	53,184	14,894
2028-2032	289,646	50,748
2033-2035	194,453	9,785
Total	\$ 735,628	\$ 149,397

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$551,743 for the year ended June 30, 2022.

3. Advanced Bond Refunding

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

As a result of a difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of \$1,275,000 was recognized, of which \$97,285 was amortized during the current year, with the remaining balance of \$153,416 as of June 30, 2022 to be amortized through June 30, 2028.

4. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

G. Fund Equity

I. Fund Equity Components

The District's fund equity is comprised of various components. The District's fund equity includes reserves established for the following purposes:

Category/ Fund	Reservation Purposes	Balance June 30, 2022
Nonspendable		
Food Service	Reserve for inventory	\$ 23,129
Restricted:		
General	Reserve for insurance recoveries	\$ 50,000
	Reserve for employee benefits	569,524
	Capital reserve	1,282,188
	Capital reserve – transportation	886,532
	Reserve for unemployment	93,095
	Reserve for tax certiorari	5,000
	Reserve for workers' compensation	233,134
	Reserve for TRS retirement contributions sub fund	75,348
	Reserve for retirement contributions	485,354
		\$ 3,680,175
Debt Service	Reserve for debt service	\$ 539,589
Miscellaneous Special Revenue	Reserve for Scholarships	\$ 13,788
Committed:		
Miscellaneous Special Revenue	Fund balance for extraclassroom activities	\$ 90,347
Assigned:		
General	Appropriated fund equity	\$ 63,661
	Reserve for encumbrances	87,106
		\$ 150,767
Capital	Fund equity	\$ 96,352
Food Service	Fund equity	\$ 214,325

II. District-wide Net Position

Net position of the District includes restricted net position of \$4,233,552 which represent restricted amounts in the general fund, debt service fund and miscellaneous special revenue fund as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

H. Commitments and Contingencies

I. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health coverage, **Avoca Central School District** is a participant in the Steuben Area Schools Plan, a public entity risk pool operated for the benefit of 9 individual school districts. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$250,000 per insured event. The Steuben Area Schools Plan obtains independent coverage for insured events in excess of this amount.

The District participates in the Steuben-Allegany Area Schools Self-Insured Workers' Compensation Plan, a risk-sharing pool, to insure Worker's Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risk related to workers' compensation.

The **Avoca Central School District** has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

H. Commitments and Contingencies (continued)

II. Federal and State Grants

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

III. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with provisions of Governmental Accounting Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$627,000 at June 30, 2022 for accumulating, non-vesting sick leave.

IV. Litigation

The District, in the normal course of its operations, is involved in litigation. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

I. Tax Abatements

The Steuben County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a Corporation in the Avoca Central School District's tax jurisdiction for the purpose of an alternative energy project. The term of the PILOT is 20 years with the agreement expiring on December 31, 2028. Payments under the agreement are \$500 during 2009 and increase gradually each year up to \$8,259 in 2028. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

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

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NOTE 4 - CAPITAL PROJECTS

On December 19, 2017, the voters of the District authorized a capital project in the amount of \$9,035,000. The District closed out the project during the current year and transferred the remaining \$26,831 to the debt service fund.

The District also had a capital outlay project during the current year and incurred expenditures totaling \$95,118.

The District also had an energy performance contract project that began during the prior year. Total expenditures incurred during the year ended June 30, 2022 were \$36,753.

Furthermore, the District has costs associated with its Smart Schools Bond Act project in the amount of \$0 during the year ended June 30, 2022.

Lastly, during the current year, the District purchased transportation vehicles in the amount of \$108,186.

NOTE 5 – COVID 19 PANDEMIC

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

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$138,000 of CARES assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. The District expended \$0 and \$138,203 during the year ended June 30, 2022 and 2021, respectively, related to the CARES grant.

In December 2020, The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provided additional assistance to school districts. The New York State Department of Education has allocated approximately \$414,000 of CRRSA assistance to the District. The District expended \$411,692 and \$0 during the year ended June 30, 2022 and 2021, respectively, related to the CRRSA grant.

In March 2021, The American Rescue Plan (ARP) was passed which provided additional assistance to school districts. The New York State Department of Education has allocated approximately \$1,631,000 of ARP assistance to the District. The District expended \$326,862 and \$0 during the year ended June 30, 2022 and 2021, respectively, related to the ARP grants.

NOTE 5 – COVID 19 PANDEMIC (continued)

The District also provided free breakfast and lunches to all students through the Federal Summer Food Service and Seamless Summer Option Program.

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

NOTE 6 – RIGHT-TO-USE ASSETS/LEASES

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

	Balance 7/1/21 As restated	Additions
Right-to-use asset	\$ 291,101	\$ 15,905
Accumulated amortization	(136,611)	(58,223)
	<u>\$ 154,490</u>	<u>\$ (42,318)</u>
		Balance 6/30/22
Right-to-use asset	\$ -	\$ 307,006
Accumulated amortization	-	(194,834)
	<u>\$ -</u>	<u>\$ 112,172</u>

NOTE 7 – PRIOR PERIOD ADJUSTMENTS

The District implemented GASB 87, Leases, during the year ended June 30, 2022, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2021, and which GASB 87 requires retroactive application of these agreements. The District's net position increased \$154,490 as a result of the prior period adjustment which represents the remaining book value of its right-to use assets.

During the year ended June 30, 2022, the District had a new independent appraisal of its fixed assets which resulted in a decrease in beginning of year net position in the amount of \$70,135.

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

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**NOTE 7 – PRIOR PERIOD ADJUSTMENTS
(CONTINUED)**

For the year ended June 30, 2021, implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances amounts previously reported as fiduciary funds to the respective governmental funds. Total scholarship funds of \$13,807 and extraclassroom activity funds of \$93,897 were reclassified from fiduciary funds to governmental funds as of July 1, 2020.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 20, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 2,415,879	\$ 2,415,879	\$ 2,415,903	\$ 24
Real property tax items	16,993	16,993	17,426	433
Charges for services	17,000	17,000	59,976	42,976
Use of money and property	15,000	15,000	6,526	(8,474)
Sale of property and compensation for loss	1,000	1,000	25,823	24,823
Miscellaneous	140,500	140,500	265,750	125,250
State Sources:				
Basic formula	9,994,327	9,994,327	10,034,068	39,741
BOCES	912,787	912,787	785,272	(127,515)
Textbooks	21,436	21,436	21,436	-
All other aid	15,664	15,664	14,644	(1,020)
Federal Sources:				
Medicaid reimbursement	40,000	40,000	98,141	58,141
Total revenue	13,590,586	13,590,586	13,744,965	154,379
Other Sources:				
Operating transfer in	337,000	337,000	75,000	(262,000)
Total revenue and other sources	13,927,586	13,927,586	\$ 13,819,965	\$ (107,621)
Supplemental appropriation - bus purchases	-	203,998		
Appropriated fund equity and carryover encumbrances	62,645	170,750		
Total revenue, other sources and appropriated fund equity	\$ 13,990,231	\$ 14,302,334		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 34,665	\$ 34,665	\$ 32,302	\$ -	\$ 2,363
Central administration	208,296	214,216	210,167	820	3,229
Finance	286,455	292,357	281,519	-	10,838
Staff	68,274	78,274	66,612	-	11,662
Central services	743,413	807,474	742,112	15,251	50,111
Special items	233,452	235,020	231,722	-	3,298
Instructional:					
Instruction, administration and improvement	311,273	317,800	300,431	-	17,369
Teaching - regular school	2,893,591	2,842,457	2,297,123	1,500	543,834
Programs for children with handicapping conditions	1,454,770	1,434,260	1,199,887	-	234,373
Teaching - special schools	20,694	15,475	7,630	-	7,845
Occupational education	491,800	491,800	482,639	-	9,161
Instructional media	453,717	486,467	455,014	-	31,453
Pupil services	597,601	765,975	636,578	69,535	59,862
Pupil Transportation	865,563	887,835	782,321	-	105,514
Employee Benefits	2,670,238	2,537,832	2,166,051	-	371,781
Community Service	18,500	18,500	12,119	-	6,381
Debt Service:					
Debt service principal	1,986,186	1,986,186	1,986,185	-	1
Debt service interest	551,743	551,743	551,743	-	-
Total expenditures	13,890,231	13,998,336	12,442,155	87,106	1,469,075
Other Uses:					
Transfer to other funds	100,000	303,998	299,656	-	4,342
Total other uses	100,000	303,998	299,656	-	4,342
Total expenditures and other uses	\$ 13,990,231	\$ 14,302,334	12,741,811	\$ 87,106	\$ 1,473,417
Excess of revenue and other sources over expenditures and other uses			\$ 1,078,154		

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

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 55,000	\$ 56,313	\$ 1,313
Federal sources	378,585	402,167	23,582
Sales	7,500	17,171	9,671
Miscellaneous	1,500	5,089	3,589
Surplus food	-	28,315	28,315
Use of money and property	10	37	27
Total revenue	442,595	509,092	66,497
Expenditures			
General support	120,432	117,820	2,612
Employee benefits	64,078	45,747	18,331
Cost of sales	152,000	138,628	13,372
Other expenses	106,085	103,661	2,424
Total expenditures	442,595	405,856	36,739
Excess of revenue over expenditures	<u>\$ -</u>	103,236	<u>\$ 103,236</u>
Fund equity, beginning of year		<u>134,218</u>	
Fund equity, end of year		<u>\$ 237,454</u>	

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

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 13,990,231
Additions:	
Prior year encumbrances	<u>108,105</u>
Original Budget	14,098,336
Budget Revisions: Supplemental Appropriation - purchase of buses in capital fund	<u>203,998</u>
Final budget	<u><u>\$ 14,302,334</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	\$ 14,124,734
Maximum allowed (4% of 2022-23 budget)	\$ 564,989

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	150,767
Unassigned fund balance	<u>2,688,861</u>
Total unrestricted fund balance	<u>2,839,628</u>
Less:	
Appropriated fund balance	63,661
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>87,106</u>
Total adjustments	<u>150,767</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,688,861</u></u>
Actual percentage	<u><u>19.0%</u></u>

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

AVOCA CENTRAL SCHOOL DISTRICT**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022****Schedule SS3****Page 40**

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2022
			Prior Years	Current Year	Interfund Transfers	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Construction project (\$9.035M)	\$ 9,035,000	\$ 9,035,000	\$ 9,010,169	\$ -	\$ 26,831	\$ 9,037,000	\$ (2,000)	\$ 8,371,541	\$ 46,240	\$ 619,219	\$ 9,037,000	\$ -
Energy Performance Contract	781,813	781,813	745,060	36,753	-	781,813	-	781,813	-	-	781,813	-
Smart School Bond Act Project	723,986	723,986	710,191	-	-	710,191	13,795	-	710,191	-	710,191	-
Capital Outlay - 21-22	100,000	100,000	-	95,118	-	95,118	4,882	-	-	95,118	95,118	-
Transportation vehicles - future year	-	-	-	-	-	-	-	-	-	96,352	96,352	96,352
Transportation vehicles - current year	108,186	108,186	-	108,186	-	108,186	-	-	-	108,186	108,186	-
	<u>\$ 10,748,985</u>	<u>\$ 10,748,985</u>	<u>\$ 10,465,420</u>	<u>\$ 240,057</u>	<u>\$ 26,831</u>	<u>\$ 10,732,308</u>	<u>\$ 16,677</u>	<u>\$ 9,153,354</u>	<u>\$ 756,431</u>	<u>\$ 918,875</u>	<u>\$ 10,828,660</u>	<u>\$ 96,352</u>

See accompanying independent auditor's report.

AVOCA CENTRAL SCHOOL DISTRICT**Schedule SS4A****BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022****Page 41**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	21-22	\$ 54,230	\$ 54,230	\$ 54,230
Universal Pre-kindergarten	0409-22-7026	21-22	95,540	95,540	95,540
Section 4201 School for the Deaf	N/A	21-22	67,563	67,563	67,563
BOCES aid - food service fund	N/A	21-22	N/A	37,767	37,767
Summer food service program	N/A	21-22	N/A	1,403	1,403
School breakfast programs	N/A	21-22	N/A	4,088	4,088
School lunch programs	N/A	21-22	N/A	13,055	13,055
				\$ 273,646	\$ 273,646

See accompanying independent auditor's report.

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

Schedule SS4B

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Avoca Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Basis of Accounting

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

Note 2 - Non-monetary Federal Program

The accompanying **Avoca Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2022, the District reported in the Schedule of Federal Awards \$28,315 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

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

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct Grant:					
Small, Rural School Achievement Program	84.358A	S358A207656	\$ 24,865	\$ 24,865	\$ 24,865
Passed through NYS Department of Education:					
Title I	84.010A	0021-22-2840	134,927	133,924	133,924
Title II, Part A	84.367A	0147-22-2840	20,428	20,428	20,428
IDEA, Part B Public Law 94-142 *	84.027A	0032-22-0854	130,538	130,538	130,538
IDEA, Pre-school Public Law 99-457 *	84.173A	0033-22-0854	6,666	6,666	6,666
COVID-19 ARP-ESSER 3	84.425U	5880-21-2840	931,426	168,268	168,268
COVID-19 ARP-After School Program	84.425U	5883-21-0325	100,002	60,444	60,444
COVID-19 ARP-Learning Loss	84.425U	5884-21-2840	499,996	98,150	98,150
COVID-19 CRRSA-ESSER 2	84.425D	5891-21-2840	414,431	411,692	411,692
Total U.S. Department of Education				<u>1,054,975</u>	<u>1,054,975</u>
Passed through NYS Department of Education:					
COVID-19 National School Lunch Program – Seamless Summer Option **	10.555	N/A	N/A	235,836	235,836
COVID-19 National School Breakfast Program – Seamless Summer Option **	10.553	N/A	N/A	102,952	102,952
COVID-19 Summer Food Service Program **	10.559	N/A	N/A	41,451	41,451
COVID-19 Supply Chain Assistance	10.555	N/A	N/A	12,852	12,852
National School Snack Program **	10.555	N/A	N/A	9,076	9,076
Passed through NYS					
Office of General Services:					
National School Lunch Program					
Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	28,315	28,315
Total U.S. Department of Agriculture				<u>430,482</u>	<u>430,482</u>
Total expenditures and revenue				<u>\$ 1,485,457</u>	<u>\$ 1,485,457</u>
* Constitutes a cluster of Federal programs names Special Education Cluster with revenues and expenditures of					\$ 137,204
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of					\$ 430,482

AVOCA CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2022

Schedule SS5

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Capital Assets and Right-to-Use Assets	\$ 28,020,549
Less:	
Serial bonds	(9,990,737)
Energy performance, included in debt	(781,813)
Plus:	
Assets to be used for capital improvements, net of related liabilities	<u>96,352</u>
Net investment in capital assets and right-to-use assets	<u><u>\$ 17,344,351</u></u>

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

Schedule SS6

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For the year ended June 30,	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 1,164,115	\$ 920,349	\$ 251,780	\$ 485,287	\$ 465,898
Interest	504,558	540,562	278,986	559,014	514,017
Differences between expected and actual experience	(2,879,925)	(28,870)	(5,844,855)	-	-
Changes in assumptions	(3,321,400)	2,672,928	8,527,410	939,645	(712,795)
Benefit payments	(282,348)	(272,004)	(105,950)	(213,090)	(560,098)
Net change in total OPEB liability	(4,815,000)	3,832,965	3,107,371	1,770,856	(292,978)
Total OPEB liability - beginning	22,776,243	18,943,278	15,835,907	14,065,051	3,347,548
Prior period adjustment	-	-	-	-	11,010,481
Total OPEB liability - ending	<u>\$ 17,961,243</u>	<u>\$ 22,776,243</u>	<u>\$ 18,943,278</u>	<u>\$ 15,835,907</u>	<u>\$ 14,065,051</u>
Plan fiduciary net position					
Contributions - employer	\$ 282,348	\$ 272,004	\$ 105,950	\$ 213,090	\$ 560,098
Net investment income	-	-	-	-	-
Benefit payments	(282,348)	(272,004)	(105,950)	(213,090)	(560,098)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 17,961,243</u>	<u>\$ 22,776,243</u>	<u>\$ 18,943,278</u>	<u>\$ 15,835,907</u>	<u>\$ 14,065,051</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 4,587,952	\$ 4,625,173	\$ 4,767,202	\$ 4,219,321	\$ 4,336,344
District's net OPEB liability as a percentage of covered-employee payroll	391.49%	492.44%	397.37%	375.32%	324.35%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate 2.12% effective 12/31/20 changing to 2.05% as of 12/31/21.
Mortality schedule using MP-2019 in 12/31/20 to MP-2021 in 12/31/21.
Healthcare cost trend rates from 5.4% in 2020 reduced to 3.94% in 2075 to 6% in 2021 reduced to 4.04 in 2075.

Change in measurement date: The District opted to change their measurement date from June 30 to December 31 after the fiscal year ending June 30, 2019. The current year's calculations were performed using a valuation date of January 1, 2021 for reporting the District's full accrual financial statements with a measurement date of December 31, 2021.

See accompanying independent auditor's report.

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

Schedule SS7

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For the year ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 282,348	\$ 272,004	\$ 105,950	\$ 213,090	\$ 560,098
Contributions in relation to the actuarially determined contribution	(282,348)	(272,004)	(105,950)	(213,090)	(560,098)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,587,952	\$ 4,625,173	\$ 4,767,202	\$ 4,219,321	\$ 4,336,344
Contributions as a percentage of District's covered-employee payroll	6.15%	5.88%	2.22%	5.05%	12.92%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2021 and measured as of December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	2.05% as of December 31, 2021
Inflation	2.50% per year
Healthcare cost trend rates	2021 - 6%. Rates expected to decrease each year thereafter with an ultimate rate of 4.04% after 2075.
Salary increases	Based on NYSTRS and NYS ERS assumptions
Mortality	Pub-2010 Headcount-Weighted table projected fully generationally using MP-2021.
Retiree Cost Sharing	District pays 50% for single and 50% for family - based on years of service.
Participants	87 Active and 56 Retirees

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

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 396,444	\$ 371,993	\$ 350,426	\$ 423,488	\$ 373,998	\$ 443,003	\$ 489,994	\$ 629,454	\$ 574,639	\$ 412,901
Contributions in relation to the contractually required contribution	(396,444)	(371,993)	(350,426)	(423,488)	(373,998)	(443,003)	(489,994)	(629,454)	(574,639)	(412,901)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,045,347	\$ 3,903,389	\$ 3,955,147	\$ 3,987,646	\$ 3,816,306	\$ 3,779,889	\$ 3,695,279	\$ 3,590,724	\$ 3,536,240	\$ 3,487,340
Contributions as a percentage of District's covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 150,731	\$ 137,473	\$ 128,440	\$ 125,004	\$ 133,509	\$ 144,864	\$ 164,898	\$ 164,297	\$ 209,536	\$ 187,707
Contributions in relation to the contractually required contribution	(150,731)	(137,473)	(128,440)	(125,004)	(133,509)	(144,864)	(164,898)	(164,297)	(209,536)	(187,707)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 991,079	\$ 1,012,402	\$ 961,264	\$ 928,431	\$ 905,059	\$ 1,000,675	\$ 935,004	\$ 956,392	\$ 1,004,212	\$ 1,003,844
Contributions as a percentage of District's covered-employee payroll	15.21%	13.58%	13.36%	13.46%	14.75%	14.48%	17.64%	17.18%	20.87%	18.70%

See accompanying independent auditor's report.

AVOCA CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022

Schedule SS9

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

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability/asset	n/a	0.022673%	0.022823%	0.023695%	0.023060%	0.023370%	0.023493%	0.023904%	0.023940%	0.023804%
District's proportionate share of the net pension asset/(liability)	n/a	\$ 3,928,946	\$ (630,663)	\$ 615,609	\$ 416,979	\$ 177,363	\$ (251,616)	\$ 2,482,879	\$ 2,666,714	\$ 156,688
District's covered-employee payroll	n/a	\$ 3,903,389	\$ 3,955,147	\$ 3,987,646	\$ 3,816,306	\$ 3,779,889	\$ 3,695,279	\$ 3,590,724	\$ 3,536,240	\$ 3,487,340
District's proportionate share of the net pension liability/asset as a percentage of its covered employee payroll	n/a	100.65%	15.95%	15.44%	10.93%	4.70%	6.81%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	0.0031779%	0.0032183%	0.0033510%	0.0032104%	0.0030684%	0.0033788%	0.0035325%	0.0033362%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$ 259,783	\$ (3,205)	\$ (887,368)	\$ (227,462)	\$ (99,032)	\$ (317,484)	\$ (566,972)	\$ (102,212)	\$ (150,760)	n/a
District's covered-employee payroll	\$ 991,079	\$ 1,012,402	\$ 961,264	\$ 928,431	\$ 905,059	\$ 1,000,675	\$ 935,004	\$ 956,932	\$ 1,004,212	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	26.21%	0.32%	92.31%	24.50%	10.94%	31.73%	60.64%	10.68%	15.01%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

See accompanying independent auditor's report.

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

**To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Avoca Central School District* as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise *Avoca Central School District's* basic financial statements and have issued our report thereon dated September 20, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Avoca Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2022-002.

Avoca Central School District's Responses to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 20, 2022**



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

**To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 20, 2022**

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

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Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

<u> </u> yes	<u> </u> x	<u> </u> no
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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,485,457</u>

Identification of Major Programs Tested:

COVID-19 ARP-ESSER 3	84.425U	\$ 168,268
COVID-19 ARP-After School Program	84.425U	60,444
COVID-19 ARP-Learning Loss	84.425U	98,150
COVID-19 CRRSA-ESSER 2	84.425D	<u>411,692</u>
Total major programs tested		<u>\$ 738,554</u>
% of Federal programs tested		<u>50%</u>

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

\$ 750,000

Auditee qualified as low risk?

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

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II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Year ended June 30, 2022

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

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

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

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

B. COMPLIANCE AND OTHER MATTERS

2022-002 Unassigned Fund Balance

Year ended June 30, 2022

Conditions and criteria: **Avoca Central School District's** unassigned fund balance as of June 30, 2022 amounted to \$2,688,861. This amount constitutes approximately 19% of the 2022-2023 school budget.

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

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

School District's Response: As a result of the audit, **Avoca Central School District** realizes its unassigned fund balance as of June 30, 2022 is in excess of the NYS mandated 4% level. The District will continue to review its options with regards to reservation and designation of fund balance.

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

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

A. COMPLIANCE

Year ended June 30, 2022

No findings related to compliance are being reported upon during the year ended June 30, 2022.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2022

No findings related to internal control over compliance are being reported upon during the year June 30, 2022.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2021

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

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2022, as identified as finding 2022-002.

B. COMPLIANCE AND OTHER MATTERS

2020-002 Unassigned Fund Balance

Year Ended June 30, 2021

Summary of Prior Year Finding: *Avoca Central School District's* unassigned fund balance as of June 30, 2021 amounted to \$2,162,331. This amount constitutes approximately 15% of the 2021-2022 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

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

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

A. COMPLIANCE

Year ended June 30, 2021

No findings related to compliance were reported upon during the year ended June 30, 2021.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2021

No findings related to internal controls over compliance were reported upon during June 30, 2021.



To the President and Members of the
Board of Education
and School Administration
Avoca Central School District
Avoca, New York

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2022 of the District's financial statements and have issued our reports thereon dated September 20, 2022. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

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

We have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Avoca Central School District's* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 20, 2022

**AVOCA CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Page 2

Future Governmental Accounting Standards – GASB 96

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

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

AVOCA CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

***WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANT***

AVOCA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York New York**

Opinion

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

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

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2022, on our consideration of the **Avoca Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Avoca Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Avoca Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 20, 2022**

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

Page 3

Extraclassroom activities:	Balances July 1, 2021	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2022
Art Club	\$ 11,292	\$ 2,950	\$ 14,242	\$ 1,548	\$ 12,694
Athletic Club	7,701	17,024	24,725	12,410	12,315
Cheerleaders	4,326	844	5,170	5,170	-
Chorus & Co	7,842	-	7,842	778	7,064
Class of 2021	3,252	450	3,702	3,702	-
Class of 2022	17,028	15,847	32,875	31,858	1,017
Class of 2023	7,615	10,450	18,065	5,930	12,135
Class of 2024	2,163	8,970	11,133	4,582	6,551
Class of 2025	-	14,889	14,889	9,023	5,866
FFA	1,392	1,953	3,345	697	2,648
Modern Language Club	8,669	511	9,180	291	8,889
Music Guild	179	-	179	-	179
National Junior Honor Society	747	9	756	-	756
SADD	2,957	25	2,982	516	2,466
Sales Tax	152	981	1,133	436	697
Science Club	4,631	-	4,631	-	4,631
Ski Club	199	4,565	4,764	4,565	199
Student Council	6,327	4,309	10,636	966	9,670
Yearbook	2,377	5,267	7,644	5,218	2,426
Tiger All Nighter	2,015	-	2,015	1,871	144
Total activity fund	\$ 90,864	\$ 89,044	\$ 179,908	\$ 89,561	\$ 90,347

See accompanying independent auditor's report and notes to financial statement on extra classroom activity fund.

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

Page 4

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are part of the reporting entity of **Avoca Central School District** and are included in the government-wide financial statements of the School District. The activity of the Extraclassroom Activity Fund is included in the Miscellaneous Special Revenue Fund.

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



To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York

Ladies and Gentlemen:

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Point of Sale Records

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

District's response: The District will continue to emphasize, with the faculty advisors, the need for complete point of sale records for all fundraising events.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 20, 2022



September 20, 2022

To the Audit Committee
and Board of Education
Avoca Central School District
Avoca, New York

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

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Avoca Central School District are described in Note 1 to the financial statements. During the current year the District implemented Governmental Accounting Standards Board Statement Number 87, *Leases*. The implementation of this new standard resulted in a prior period adjustment in the District's financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3IV and the Covid-19 Pandemic in Note 5 to the financial statements, due to their significance.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, Schedule of changes in the District's net OPEB liability and related ratios, schedule of contributions-OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.