

FINANCIAL REPORT
AUDITED
PINE PLAINS CENTRAL SCHOOL DISTRICT
Pine Plains, New York
For the Year Ended June 30, 2026

Audited for:

Board of Education

PINE PLAINS CENTRAL SCHOOL DISTRICT



Audited By:

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PINE PLAINS CENTRAL SCHOOL DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Pine Plains Central School District
2829 Church Street
Pine Plains, NY 12567

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pine Plains Central School District (the "School District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2026, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("*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 School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the School District's total OPEB liability and related ratios, schedule of the School District's proportionate share of the net pension (asset)/liability and related ratios, schedule of employer contributions, schedule of revenues and expenditures compared to budget, and notes to the schedule of revenues and expenditures compared to budget on pages 4 through 11 and 47 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining nonmajor fund financial statements and the schedule of indebtedness are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Capital Projects Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, NY

October 15, 2026

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction

The accompanying discussion and analysis of the Pine Plains Central School District's (the "School District") financial performance has been prepared to provide an overview of the School District's financial activities for the year ended June 30, 2026. The discussion and analysis is only an introduction and should be read in conjunction with the School District's financial statements.

I. Overview

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the School District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the School District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the School District include instruction, pupil transportation, school lunch program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

I. Overview – Continued

Fund Financial Statements – Continued

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains six individual governmental funds. The General Fund, Capital Projects Fund, Cafeteria Fund, Debt Service Fund, Miscellaneous Special Revenue Fund and Special Aid Fund are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, as either major or non-major funds.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

II. Financial Summary

DISTRICT-WIDE FINANCIAL ANALYSIS

PINE PLAINS CENTRAL SCHOOL DISTRICT'S NET POSITION

	<u>2026</u>	<u>2025</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 21,618,051	\$ 23,476,468	\$ (1,858,417)	-7.92%
Net Pension Asset	3,568,587	1,838,849	1,729,738	94.07%
Intangible Right to Use Asset	448,731	465,968	(17,237)	-3.70%
Capital Assets, Net	33,884,439	30,351,941	3,532,498	11.64%
Total Assets	59,519,808	56,133,226	3,386,582	6.03%
Deferred Outflows of Resources	13,853,291	8,257,683	5,595,608	67.76%
Current Liabilities	7,739,375	5,349,262	2,390,113	44.68%
Long-Term Liabilities	111,736,229	100,515,877	11,220,352	11.16%
Total Liabilities	119,475,604	105,865,139	13,610,465	12.86%
Deferred Inflows of Resources	54,444,198	71,575,176	(17,130,978)	-23.93%
Net Position:				
Net Investment in Capital Assets	32,111,371	28,446,428	3,664,943	12.88%
Restricted	7,595,616	17,344,453	(9,748,837)	-56.21%
Unrestricted	(140,253,690)	(158,840,287)	18,586,597	-11.70%
Total Net Position	\$ (100,546,703)	\$(113,049,406)	\$ 12,502,703	-11.06%

Current assets decreased by \$1,858,417 during the current year primarily due to a decrease in cash and cash equivalents held due to end of year activity.

Net pension asset increased \$1,729,738 during the current year primarily due to changes in actuarial calculations for the Teachers' Retirement System ("TRS").

Net capital assets increased by \$3,532,498 during the fiscal year, primarily due to increased capital project activity, including costs recorded as construction in progress, as well as the purchases of vehicles and other equipment. These additions to capital assets contributed to the overall increase in the District's net capital asset balance.

Deferred outflows of resources increased by \$5,595,608 primarily due to the changes in the actuarial calculations for pension and Other Postemployment Benefits ("OPEB").

Current liabilities increased \$2,390,113 primarily due to an increase of accounts payables.

Long-term liabilities increased \$11,220,352 primarily due to OPEB liabilities resulting from changes in the actuarial calculations.

Deferred inflows of resources decreased \$17,130,978 primarily due to the changes in the actuarial calculations for OPEB.

At June 30, 2026, \$32,111,371 reflects the School District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions total \$7,595,616. The remaining balance is an unrestricted deficit of \$(140,253,690), primarily attributable to the accrual of other postemployment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

II. Financial Summary – Continued

In addition, as a requirement of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, new items are included in the Statement of Net Position. As of June 30, 2026, the School District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the School District. Rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note VIII of the financial statements for more information on these pension items.

The negative net position balance of \$(100,546,703) continues to be the result of recognizing the liability for Other Postemployment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2025-2026 fiscal year, this OPEB liability increased by a net amount of \$12,579,752 to a balance of \$111,448,091.

DISTRICT-WIDE FINANCIAL ANALYSIS

PINE PLAINS CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

	2026	%	2025	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 351,725	21.56%	\$ 431,377	24.14%	\$ (79,652)	-18.46%
Operating Grants and Contributions	1,279,701	78.44%	1,355,884	75.86%	(76,183)	-5.62%
Total Program Revenue	1,631,426	100.00%	1,787,261	100.00%	(155,835)	-8.72%
General Revenues:						
Real Property Taxes	26,982,622	70.71%	26,104,851	69.10%	877,771	3.36%
Non Property Taxes	922,588	2.42%	963,430	2.55%	(40,842)	-4.24%
Use of Money and Property	991,925	2.60%	1,166,795	3.09%	(174,870)	-14.99%
Sales of Property and Compensation for Loss	128,990	0.34%	(103,631)	-0.27%	232,621	-224.47%
Miscellaneous	305,087	0.80%	1,122,646	2.97%	(817,559)	-72.82%
State Sources	8,611,448	22.57%	8,324,465	22.03%	286,983	3.45%
Medicaid Reimbursement	216,934	0.56%	200,226	0.53%	16,708	8.34%
Total General Revenues	38,159,594	100.00%	37,778,782	100.00%	380,812	1.01%
Total Revenues	39,791,020		39,566,043		224,977	0.57%
Program Expenses:						
General Support	3,964,523	14.53%	4,405,858	13.49%	(441,335)	-10.02%
Instruction	19,109,601	70.03%	23,642,881	72.40%	(4,533,280)	-19.17%
Pupil Transportation	3,407,389	12.49%	3,785,670	11.59%	(378,281)	-9.99%
Other Expenses	39,540	0.14%	37,729	0.12%	1,811	4.80%
Cafeteria Program	692,616	2.54%	705,133	2.16%	(12,517)	-1.78%
Interest	74,648	0.27%	79,360	0.24%	(4,712)	-5.94%
Total Expenses	\$ 27,288,317	100.00%	\$ 32,656,631	100.00%	\$ (5,368,314)	-16.44%
Change in Net Position	<u>\$ 12,502,703</u>		<u>\$ 6,909,412</u>			

Selected Governmental Fund Highlights

The General Fund, fund balance decreased from an illustrative \$20.5 million to approximately \$11.7 million, primarily due to the use of the reserve funds for capital improvement projects. As a result, the General Fund experienced a reduction in fund balance during the year.

Special Aid Fund revenues and expenditures were equal for the year and there was no opening fund balance, so the result is still a zero-fund balance. The total revenue and expenditure decreased slightly compared to the prior year, primarily due to a decrease in aid received from the State.

The Capital Fund's fund balance increased to \$4.5 million during the year, primarily due to the receipt of funding for ongoing capital projects.

The School Lunch Fund's fund balance decreased during the year, primarily due to increased cost of materials and supplies during the year.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

III. Detailed Analysis

Financial Analysis of the Pine Plains Central School Funds

The major changes from 2025-2026 are as follows:

Revenues:

- Real Property Taxes revenue increased by \$877,771 due to an increase in the School District's property tax levy in accordance with the applicable New York State property tax levy limit.
- State Sources revenue increased by \$286,983 due to increase in the State's Basic Formula, as calculated under the applicable state aid formula.
- Sale of Property and Compensation of Loss increased by \$232,621 due to the sale of transportation equipment.
- Miscellaneous revenue decreased by \$817,559 due to a decrease in Dutchess Educational Health Insurance Consortium ("DEHIC") reimbursements in the current year.

Expenses:

- General Support decreased by \$441,335 mainly due to changes in OPEB and pension cost allocations.
- Instruction decreased by \$4,533,280 mainly due to changes in OPEB and pension cost allocations.
- Pupil Transportation decreased by \$378,281 due to changes in the OPEB and pension cost allocations.

Fund Balance Reporting

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

Governmental Funds: The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School District's financing for spending at the end of the fiscal year.

The School District classifies its fund balances into the following categories:

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

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

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

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

III. Detailed Analysis – Continued

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds, reported combined fund balances of \$17,270,814, a decrease of \$4,277,061 from the prior year. \$7,332,771 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purposes. The School District has a nonspendable fund balance of \$29,919, consisting of inventory in the Cafeteria Fund. As the School District has sufficient unassigned fund balance to offset nonspendable amounts, this results in a positive fund balance of \$2,312,508. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund employment benefits of \$247,901, for ERS retirement contributions of \$2,267,918, for TRS retirement contribution \$1,196,933, for unemployment benefits of \$225,000, for tax certiorari of \$746,530, for insurance of \$282,779, for repairs of \$700,005, for Capital Projects - Buses of \$1,605,213, and for Capital Projects of \$323,337.

The summary of the combined fund balances are as follows:

	General Fund	Special Aid Fund	Capital Fund	Non-Major Fund	Total
Nonspendable	\$ -	\$ -	\$ -	\$ 29,919	\$ 29,919
Restricted	7,595,616	-	-	-	7,595,616
Assigned	1,851,948	-	5,299,320	181,503	7,332,771
Unassigned	2,312,508	-	-	-	2,312,508

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$11,760,072 of which \$2,312,508 or 4% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the School District's General Fund decreased by \$8,778,619 during the current fiscal year.

General Fund Budgetary Highlights

During the year, the School District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

IV. Significant Capital Assets and Long-Term Financing

Capital Asset and Debt Administration

Capital Assets: At June 30, 2026, the School District had \$33,884,439 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

IV. Significant Capital Assets and Long-Term Financing – Continued

The increase in capital assets during the current fiscal year is a result of more construction-in-progress at the School District.

Debt: As of June 30, 2026, the School District had \$2,215,000 in general obligation and other long-term debt outstanding.

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

Pension

At June 30, 2026, the School District reported a liability of \$742,202 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2025. The TRS net pension asset was measured as of June 30, 2025, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2024. At June 30, 2026 the School District reported an asset of \$3,568,587 for its proportionate share of the net pension liability of TRS.

V. Current Known Factors, Decisions, and Conditions

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

- The 2021 District Wide Capital Project is 100% complete. The Board of Education approved the use of the unspent funds in the amount of \$757,767 for a Phase II Floor Tile Abatement and Replacement at Seymour Smith. This project began in July 2026 and was completed by the end of August 2026.
- The voters approved the 2025 Capital Project on October 15, 2025.

The 2025 Capital Project includes:

PHASE I: (99% Complete Sept. 2026)

Stissing Mountain Junior/Senior High School:

- Elevator refurbishment
- Roof replacement/repair — Areas A, B & C
- Running Track refurbishment
- Replacement of Track and Field Lighting
- Reconstruction of Tennis Courts
- Replacement of Scoreboard at Stadium Field

PHASE II: (Summer of 2027)

Stissing Mountain Junior/Senior High School:

- New Exterior Toilets and Concessions Pavilion at Athletic Fields
- Repairs to Varsity Gymnasium (sand and refinish floor, update staining/stripping in select areas of Basketball court and logo update)
- Replacement of Varsity Gymnasium bleachers
- Courtyard "Plaza" improvements

Seymour Smith Intermediate Learning Center:

- Exterior Work: replace rear stairs and ramp (ADA compliant), replace door and/or hardware at transformer exterior doors
- Exterior Masonry Restoration (repoint remaining wall, clean efflorescence at select areas, repair and recoat cast stone at front facade, reconstruct remaining deteriorated parapet walls);

**PINE PLAINS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

V. Current Known Factors, Decisions, and Conditions – Continued

The maximum cost not to exceed \$12,900,000 including the expenditure of \$9,100,000 from the 2025 Capital Reserve Fund and the issue of bonds and notes in the principal amount not to exceed \$3,800,000. There is no impact to the taxpayers.

- On February 3, 2026, the Board of Education approved a motion to establish a Building Utilization Advisory Committee to study building utilization related to the potential consolidation of schools pursuant to New York State Education Law § 402-A. This committee met twice each month from March through June with an end result of crafting an Educational Impact Statement to offer a recommendation to the Board of Education (released August 4, 2026). The Board of Education will be voting in the near future on the closure of the Cold Spring Elementary Learning Center for the 2027-2028 school year.
- The School District has developed a Long-Range Financial Analysis and continues to update the analysis to ensure that it will be aligned with current and future district fiscal and educational goals.
- New York State's now permanent tax levy limit legislation will have an effect on how much the School District can add to fund balance in the future as the School District depends on property tax revenue to fund more than 70 percent of its operations.
- The recommendations made by the Rockefeller Institute on the Foundation Aid Formula may potentially affect the School District's Foundation Aid allocation. Foundation Aid is the School District's largest portion of State Aid that it receives, approximately 73% of our total aid. We are vigilantly monitoring any future modifications to that calculation.
- There is also the continuing challenge of effectively managing the manner and quality of education currently provided by the District as the needs of the students changes and the percentage of students classified increases.

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

Pine Plains Central School District
Attn: Laura L. Rafferty
Business Official
2829 Church Street
Pine Plains, NY 12567

PINE PLAINS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 12,489,662
Restricted Cash	7,595,616
Accounts Receivable	103,219
State and Federal Aid Receivable	1,136,205
Due from Other Governments	228,246
Inventories	29,219
Lease Receivables	35,884
	<u>21,618,051</u>
Capital Assets, not being depreciated	4,611,948
Capital Assets, being depreciated - net	29,272,491
Intangible Right-to-Use Lease Assets, net	448,731
Total Capital Assets and Intangible Assets, net (Note VI)	<u>34,333,170</u>
TRS Net Pension Asset - Proportionate Share (Note VIII)	3,568,587
Total Net Pension Assets	<u>3,568,587</u>
Total Assets	<u>59,519,808</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pension (Note VIII)	5,549,974
Deferred Outflows of Resources - OPEB (Note IX)	8,303,317
Total Deferred Outflows of Resources	<u>13,853,291</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>73,373,099</u>
LIABILITIES	
Accounts Payable	2,610,509
Accrued Liabilities	112,268
Due to Other Governments	589
Due to Retirement Systems	1,608,049
Non-Current Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note VII)	150,000
Lease Liability (Note VII)	2,472
Compensated Absences Payable (Note VII)	73,210
Other Postemployment Benefits (Note IX)	3,182,278
Due and Payable More Than One Year:	
Bonds Payable (Note VII)	2,065,000
Lease Liability (Note VII)	4,327
Compensated Absences Payable (Note VII)	658,887
ERS Net Pension Liability - Proportionate Share (Note VIII)	742,202
Other Postemployment Benefits (Note IX)	108,265,813
Total Liabilities	<u>119,475,604</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pension (Note VIII)	4,317,090
Deferred Inflows of Resources - OPEB (Note IX)	50,086,665
Deferred Inflows of Resources - Other	40,443
Total Deferred Inflows of Resources	<u>54,444,198</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>173,919,802</u>
NET POSITION	
Net Investment in Capital Assets	32,111,371
Restricted	7,595,616
Unrestricted	(140,253,690)
Total Net Position	<u>\$ (100,546,703)</u>

See accompanying notes to basic financial statements.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026**

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Position
<u>FUNCTIONS/PROGRAMS</u>					Governmental
					Activities
Primary Government:					
Governmental Activities:					
General Support	\$ (3,964,523)	\$ -	\$ -	\$ -	\$ (3,964,523)
Instruction	(19,109,601)	264,041	998,083	-	(17,847,477)
Pupil Transportation	(3,407,389)	-	-	-	(3,407,389)
Cost of Sales	(692,616)	87,684	281,618	-	(323,314)
Other Expenditures	(39,540)	-	-	-	(39,540)
Interest on Debt	(74,648)	-	-	-	(74,648)
Total Primary Government	<u>\$ (27,288,317)</u>	<u>\$ 351,725</u>	<u>\$ 1,279,701</u>	<u>\$ -</u>	<u>(25,656,891)</u>
General Revenues:					
Real Property Taxes					26,982,622
Non-Property Taxes					922,588
Use of Money and Property					991,925
Sale of Property and Compensation for Loss					128,990
Miscellaneous					305,087
State Sources					8,611,448
Medicaid Reimbursement					216,934
Total General Revenues					<u>38,159,594</u>
Change in Net Position					12,502,703
Net Position - Beginning					(113,049,406)
Net Position - Ending					<u><u>\$ (100,546,703)</u></u>

See accompanying notes to basic financial statements.

PINE PLAINS CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 11,130,044	\$ 135,127	\$ 752,165	\$ 472,326	\$ 12,489,662
Restricted Cash	7,595,616	-	-	-	7,595,616
Due from Other Funds	1,288,826	-	6,115,000	-	7,403,826
State and Federal Aid Receivable	258,654	792,714	-	84,837	1,136,205
Due from Other Governments	228,246	-	-	-	228,246
Accounts Receivable	102,844	-	-	375	103,219
Inventories	-	-	-	29,219	29,219
Lease Receivable	35,884	-	-	-	35,884
Total Assets	<u>\$ 20,640,114</u>	<u>\$ 927,841</u>	<u>\$ 6,867,165</u>	<u>\$ 586,757</u>	<u>\$ 29,021,877</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,045,544	\$ -	\$ 1,556,504	\$ 8,461	\$ 2,610,509
Accrued Liabilities	75,565	-	11,341	741	87,647
Due to Other Funds	6,115,000	927,841	-	360,985	7,403,826
Due to Other Governments	-	-	-	589	589
Due to Teachers' Retirement System	1,334,153	-	-	-	1,334,153
Due to Employees' Retirement System	273,896	-	-	-	273,896
Total Liabilities	<u>8,844,158</u>	<u>927,841</u>	<u>1,567,845</u>	<u>370,776</u>	<u>11,710,620</u>
Deferred Inflows of Resources:					
Deferred Inflows of Resources - Other	<u>35,884</u>	<u>-</u>	<u>-</u>	<u>4,559</u>	<u>40,443</u>
Fund Balances:					
Nonspendable	-	-	-	29,919	29,919
Restricted	7,595,616	-	-	-	7,595,616
Assigned	1,851,948	-	5,299,320	181,503	7,332,771
Unassigned	2,312,508	-	-	-	2,312,508
Total Fund Balances	<u>11,760,072</u>	<u>-</u>	<u>5,299,320</u>	<u>211,422</u>	<u>17,270,814</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,640,114</u>	<u>\$ 927,841</u>	<u>\$ 6,867,165</u>	<u>\$ 586,757</u>	<u>\$ 29,021,877</u>

See accompanying notes to basic financial statements.

PINE PLAINS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 12,489,662	\$ -	\$ -	\$ 12,489,662
Restricted Cash	7,595,616	-	-	7,595,616
Due from Other Funds	7,403,826	-	(7,403,826)	-
State and Federal Aid Receivable	1,136,205	-	-	1,136,205
Due From Other Governments	228,246	-	-	228,246
Accounts Receivable	103,219	-	-	103,219
Inventories	29,219	-	-	29,219
Leases Receivable	35,884	-	-	35,884
Capital Assets, net	-	33,884,439	-	33,884,439
Right to Use Lease Asset, net	-	448,731	-	448,731
TRS Net Pension Asset - Proportionate Share	-	3,568,587	-	3,568,587
Total Assets	29,021,877	37,901,757	(7,403,826)	59,519,808
Deferred Outflows of Resources - Pension ERS	-	1,003,591	-	1,003,591
Deferred Outflows of Resources - Pension TRS	-	4,546,383	-	4,546,383
Deferred Outflows of Resources - OPEB	-	8,303,317	-	8,303,317
Total Assets and Deferred Outflows	\$ 29,021,877	\$ 51,755,048	\$ (7,403,826)	\$ 73,373,099
LIABILITIES				
Accounts Payable	\$ 2,610,509	\$ -	\$ -	\$ 2,610,509
Accrued Liabilities	87,647	24,621	-	112,268
Due to Other Funds	7,403,826	-	(7,403,826)	-
Due to Other Governments	589	-	-	589
Bond Payable	-	2,215,000	-	2,215,000
Due to Teachers' Retirement System	1,334,153	-	-	1,334,153
Due to Employees Retirement System	273,896	-	-	273,896
Compensated Absences Payable	-	732,097	-	732,097
ERS Net Pension Liability - Proportionate Share	-	742,202	-	742,202
Other Postemployment Benefits	-	111,448,091	-	111,448,091
Lease Liability	-	6,799	-	6,799
Total Liabilities	11,710,620	115,168,810	(7,403,826)	119,475,604
Deferred Inflows of Resources - Pension ERS	-	1,409,110	-	1,409,110
Deferred Inflows of Resources - Pension TRS	-	2,907,980	-	2,907,980
Deferred Inflows of Resources - OPEB	-	50,086,665	-	50,086,665
Deferred Inflows of Resources - Other	40,443	-	-	40,443
Total Liabilities and Deferred Inflows	11,751,063	169,572,565	(7,403,826)	173,919,802
Total Fund Balances/Net Position	17,270,814	(117,817,517)	-	(100,546,703)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 29,021,877	\$ 51,755,048	\$ (7,403,826)	\$ 73,373,099

See accompanying notes to basic financial statements.

PINE PLAINS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:					
Real Property Taxes	\$ 26,982,622	\$ -	\$ -	\$ -	\$ 26,982,622
Non-Property Taxes	922,588	-	-	-	922,588
Charges for Services	264,041	-	-	-	264,041
Use of Money and Property	991,925	-	-	-	991,925
Sale of Property and Compensation for Loss	129,150	-	-	-	129,150
Miscellaneous	266,734	-	-	38,353	305,087
State Aid	8,368,448	456,661	-	265,633	9,090,742
Medicaid Reimbursement	216,934	-	-	-	216,934
Federal Sources	-	435,545	-	364,862	800,407
Sales - School Lunch	-	-	-	87,684	87,684
Total Revenues	38,142,442	892,206	-	756,532	39,791,180
Expenditures:					
General Support	3,961,665	-	-	-	3,961,665
Instruction	18,899,355	836,216	-	-	19,735,571
Pupil Transportation	3,361,679	80,211	-	-	3,441,890
Employee Benefits	11,135,814	29,194	-	159,905	11,324,913
Cost of Sales	-	-	-	689,965	689,965
Other Expenditures	-	-	-	39,540	39,540
Debt Service Principal	145,000	-	-	-	145,000
Debt Service Interest	76,219	-	-	-	76,219
Capital Outlay	-	-	4,653,478	-	4,653,478
Total Expenditures	37,579,732	945,621	4,653,478	889,410	44,068,241
Excess/(Deficiency) of Revenues Over Expenditures	562,710	(53,415)	(4,653,478)	(132,878)	(4,277,061)
Other Financing Sources/(Uses):					
Operating Transfers In	19,768	53,415	9,200,000	107,682	9,380,865
Operating Transfers Out	(9,361,097)	-	-	(19,768)	(9,380,865)
Total Other Financing Sources/(Uses)	(9,341,329)	53,415	9,200,000	87,914	-
Change in Fund Balances	(8,778,619)	-	4,546,522	(44,964)	(4,277,061)
Fund Balances - Beginning	20,538,691	-	752,798	256,386	21,547,875
Fund Balances - Ending	\$ 11,760,072	\$ -	\$ 5,299,320	\$ 211,422	\$ 17,270,814

See accompanying notes to basic financial statements.

PINE PLAINS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 26,982,622	\$ -	\$ -	\$ -	\$ -	\$ 26,982,622
Non-Property Taxes	922,588	-	-	-	-	922,588
Charges for Services	264,041	-	-	-	-	264,041
Use of Money and Property	991,925	-	-	-	-	991,925
Sale of Property and Compensation for Loss	129,150	-	(160)	-	-	128,990
Miscellaneous	305,087	-	-	-	-	305,087
State Aid	9,090,742	-	-	-	-	9,090,742
Medicare Reimbursement	216,934	-	-	-	-	216,934
Federal Sources	800,407	-	-	-	-	800,407
Sales - School Lunch	87,684	-	-	-	-	87,684
Total Revenues	39,791,180	-	(160)	-	-	39,791,020
Expenditures:						
General Support	3,961,665	-	25,462	-	(22,604)	3,964,523
Instruction	19,735,571	(4,682)	1,156,074	-	(1,777,362)	19,109,601
Pupil Transportation	3,441,890	-	(44,074)	-	9,573	3,407,389
Employee Benefits	11,324,913	(13,113,250)	-	-	1,788,337	-
Cost of Sales	689,965	-	595	-	2,056	692,616
Other Expenditures	39,540	-	-	-	-	39,540
Debt Service Principal	145,000	-	-	(145,000)	-	-
Debt Service Interest	76,219	(1,571)	-	-	-	74,648
Capital Outlay	4,653,478	-	(4,653,478)	-	-	-
Total Expenditures	44,068,241	(13,119,503)	(3,515,421)	(145,000)	-	27,288,317
Excess/(Deficiency) of Revenues						
Over Expenditures	(4,277,061)	13,119,503	3,515,261	145,000	-	12,502,703
Other Financing Sources/(Uses)						
Operating Transfers In	9,380,865	-	-	-	(9,380,865)	-
Operating Transfers Out	(9,380,865)	-	-	-	9,380,865	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-
Change in Fund Balances	\$ (4,277,061)	\$ 13,119,503	\$ 3,515,261	\$ 145,000	\$ -	\$ 12,502,703

See accompanying notes to basic financial statements.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026**

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 166,422
Total Assets	<u>166,422</u>
LIABILITIES	
Accrued Liabilities	500
Due to Other Governments	<u>438</u>
Total Liabilities	<u>938</u>
NET POSITION	
Reserved for Scholarships	89,331
Reserved for Extraclassroom	<u>76,153</u>
Total Net Position	<u>\$ 165,484</u>

See accompanying notes to basic financial statements.

PINE PLAINS CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Fund
ADDITIONS	
Contributions	\$ 47,081
Sales	86,603
Miscellaneous	19,291
Interest	1,643
Total Additions	<u>154,618</u>
DEDUCTIONS	
Other Custodial Activity	150,535
Transfer to Other Funds	6,000
Total Deductions	<u>156,535</u>
Change in Fiduciary Net Position	(1,917)
Net Position - Beginning of Year	<u>167,401</u>
Net Position - End of Year	<u><u>\$ 165,484</u></u>

See accompanying notes to basic financial statements.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity, as amended by GASB Statement 39, Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB Statement 80 – *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no entities that are required to be included in the School District's reporting entity.

B. Joint Venture

The Pine Plains Central School District is one of 14 component school districts in the Dutchess 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.

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 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 administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

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 their 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 ended June 30, 2026, the Pine Plains Central School District was billed \$4,920,120 for BOCES administrative and program costs. The School District's share of BOCES Aid amounted to \$540,435. Financial statements for the BOCES are available from the BOCES administrative office.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation

1. District-wide Financial 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 the 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, while the capital grants column reflects capital-specific grants.

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. All remaining governmental funds are aggregated and reported as non-major funds. The District reports the following major governmental funds:

- a) General Fund – This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- b) Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. Special revenue funds include the following fund:
 - i. Special Aid Fund – This fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
- c) Capital Projects Fund - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

- a) Cafeteria Fund (a Special Revenue Fund) – The Cafeteria Fund is used to account for transactions of lunch, breakfast and milk programs.
- b) Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.
- c) Miscellaneous Special Revenue Fund (a Special Revenue Fund) – The Miscellaneous Special Revenue Fund is used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation – Continued

4. The School District reports the following fiduciary funds:

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

Custodial Funds - These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust funds.

The District accounts for assets held as an agent for various student organizations in a Custodial Fund. The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

The District also uses these funds to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds.

D. Measurement Focus and Basis of Accounting

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

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

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 60 days after the end of the fiscal year, including real property taxes.

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

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Collateral is required for demand and time deposits and certificates of deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

Cash equivalents also include investing in short-term, highly liquid, pooled investments designed specifically for the public sector.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Risk Disclosure

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

Generally, the School District does not invest in any long-term investment obligations.

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

The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2026.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the issuer or other counterparty's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

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

G. Property Taxes

1. Real property taxes becomes a lien on August 19th and is levied annually by the Board of Education no later than September 1st. Taxes are collected during the period September 9th to November 9th.

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

2. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 ("Tax Cap Law"). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the School District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items ("CPI-U"), subject to certain limited exceptions and adjustments.

H. Accounts Receivable

Receivables (accounts receivable) are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

I. Other Receivables

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

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Inventories and Prepaid Items

Inventories in the Cafeteria Fund are recorded at cost on first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

K. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financial or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note V for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

M. Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalized threshold (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 are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$ 5,000	Straight-Line	15 - 50 years
Site Improvements	5,000	Straight-Line	15 - 50 years
Furniture and Equipment	5,000	Straight-Line	5 - 20 years
Vehicles	5,000	Straight-Line	5 - 20 years

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Intangible Right-to-Use Lease Assets

The District is a lessee for various noncancellable leases of land, buildings, equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the District recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Fund Balance. For all other leases, the District recognizes a lease liability and an intangible right-to-use leased asset in the Statements of Net Position. For those lease/purchase contracts executed with BOCES, BOCES retains a right of return which is enforceable at BOCES discretion.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the District is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the District to determine the following:

- Discount rate: The District generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the District's bonds are not actively traded, the District determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.
- Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either an District or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the District and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.
- Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and differences during the measurement period between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item relates to Other Postemployment Benefits and represents the effect of changes in actuarial assumptions.

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, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability or asset (TRS and ERS Systems) and differences during the measurement periods between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and differences between actual and expected experience. The third item is leasing revenue from leased classroom space that is recognized as it is earned.

P. Compensated Absences

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

Q. Net Pension (Asset)/Liability

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

R. Unearned Revenues

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Use of Estimates

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

T. Short-Term Debt

The School District may issue Bond Anticipation Notes (“BANs”) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

U. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as liabilities in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District’s future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

V. Fund Balance

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

W. Equity Classifications

1. District-Wide Statements:

In the District-wide statements there are three classes of net assets:

- a. Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) and intangible assets (cost less amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- b. Restricted Net Position – reports net position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the School District.

2. Fund Statements:

In the fund-based statements, there are five classifications of fund balance:

- a. Non-Spendable – includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

W. Equity Classifications – Continued

2. Fund Statements – Continued

- b. Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted reserve fund balances:
 - i. Unemployment Insurance - According to General Municipal Law §6-m, this reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.
 - ii. Employee Benefit Accrued Liability - According to General Municipal Law §6-p, this reserve fund must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
 - iii. Tax Certiorari - According to Education Law §3651.1-a, this reserve fund must be used to establish a reserve fund for tax certiorari settlements and expenditures can be made and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari 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.
 - iv. Retirement Contributions - According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board Resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separately and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.
 - v. Capital Projects - According to Education Law §3651, restricted fund balances must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose as authorized by the voters.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

W. Equity Classifications – Continued

2. Fund Statements – Continued:

b. Restricted – Continued

- vi. Repairs - According to General Municipal Law §6-d, this reserve must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.
- vii. Insurance - According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

General Fund:

Building and Facilities Improvements	\$ 323,337
Capital Projects - Buses	1,605,213
Repairs	700,005
Tax Certiorari	746,530
Employee Benefits	247,901
ERS Retirement Contributions	2,267,918
Unemployment Insurance	225,000
Insurance	282,779
TRS Retirement Contributions	1,196,933
Total Restricted	<u><u>\$ 7,595,616</u></u>

- c. Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision-making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2026.
- d. Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$251,948. Amounts assigned to the reduction of the 2026-2027 tax levy is \$1,600,000.
- e. Unassigned – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In funds other than the General Fund, this classification should only be used to report a deficit balance.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

W. Equity Classifications – Continued

2. Fund Statements – Continued:

e. Unassigned – Continued

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

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

X. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 15, 2026.

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

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

Total fund balances of the School 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.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities – Continued

1. The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 56,785,941
Accumulated Depreciation	(22,901,502)
Capital Assets, Net	<u>\$ 33,884,439</u>

2. The governmental funds do not report long-term assets because they are not current financial resources. However, they are reported in the statements of Net Position because they represent economic assets.

Original Intangible Right-to-Use Assets	\$ 1,253,662
Accumulated Amortization	(804,931)
Intangible Right-to-Use Assets, Net	<u>\$ 448,731</u>

3. The governmental funds do not include non-current assets. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

TRS Net Pension Assets	<u>\$ 3,568,587</u>
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4. The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds Payable	\$ 2,215,000
Lease Liability	6,799
Compensated Absences Payable	732,097
ERS Net Pension Liability	742,202
Other Postemployment Benefits	111,448,091
	<u>\$ 115,144,189</u>

5. Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Changes in balances at year end were:

Deferred Outflows of Resources	<u>\$ 13,853,291</u>
Deferred Inflows of Resources	<u>\$ 54,403,755</u>

6. Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at June 30, 2026	<u>\$ 24,621</u>
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**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance and the 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 five broad categories:

- 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 use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, 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.
- Pension differences occur as a result of changes in the School District’s proportion of the collective net pension (asset)/liability and differences between the School District’s contributions and its proportionate share of total contributions to the pension systems.
- OPEB differences occur as a result of changes in the School District’s total OPEB liability and differences between the School District’s contributions and OPEB expense.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 39,791,180
Loss on disposal of assets	(160)
Total revenues reported in the Statement of Activities	<u>\$ 39,791,020</u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities – Continued

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 44,068,241
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 is the amount by which the liability for compensated absences increased during the year.	54,800
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which financial resources used during the year was less than OPEB expense.	(11,848,921)
In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expenses was less than the amount of financial resources applied during the year.	(1,319,129)
Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was less than the interest payable for the prior year.	(1,571)
Lease payments for the use of space and equipment are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and allocated over their estimated useful lives as amortization expense in Statement of Activities. This is the amount by which amortization expense was more than the lease payments.	17,077
Repayment of lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(4,682)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$2,684,347 was less than capital expenditures of \$6,207,227 in the current year.	(3,532,498)
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(145,000)
Total expenses reported in the Statement of Activities	<u>\$ 27,288,317</u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

- a. At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b. At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c. The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d. The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e. If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f. Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g. Budgets for General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Cafeteria or Debt Service funds.
- h. The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i. Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances (open purchase orders, contracts and other commitments) are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

IV. CASH AND CASH EQUIVALENTS

At June 30, 2026, the carrying amount of the District's deposits (cash, certificates of deposit, interest-bearing savings accounts and pooled investments) was \$20,251,500 and the bank balance was \$20,447,769. In addition, the School District maintained \$200 in cash on hand. The School District's deposits at June 30, 2026, and during the year then ended, were covered by FDIC Insurance, or in allowable pooled securities, or by pledged collateral held by the School District's agent bank in the School District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$7,595,616 within the governmental funds and \$0 in the fiduciary funds.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

V. INTERFUND ACTIVITY

The interfund receivables and payables for the year ended June 30, 2026, were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 1,288,826	\$ 6,115,000
Capital Projects	6,115,000	-
Special Aid	-	927,841
Cafeteria	-	360,985
TOTAL	<u>\$ 7,403,826</u>	<u>\$ 7,403,826</u>

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

Interfund transfers for the year ended June 30, 2026, were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 19,768	\$ 9,361,097
Capital Projects	9,200,000	-
Special Aid	53,415	-
Cafeteria	107,682	-
Debt Service	-	19,768
TOTAL	<u>\$ 9,380,865</u>	<u>\$ 9,380,865</u>

The School District typically transfers funds from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program. The General Fund transferred funds to the Capital Projects Fund to cover expenditures until financing is completed and to the School Lunch Fund based on the approved budget. The Debt Service Fund transferred funds to the General Fund to close out the remaining fund balance.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. CAPITAL AND INTANGIBLE ASSETS

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 53,500	\$ -	\$ -	\$ -	\$ 53,500
Construction in Progress	4,970	4,653,478	-	(100,000)	4,558,448
Total capital assets, not being depreciated	58,470	4,653,478	-	(100,000)	4,611,948
Capital assets, being depreciated:					
Buildings and Improvements	46,613,953	-	-	100,000	46,713,953
Machinery and Equipment	833,747	1,168,580	(13,927)	-	1,988,400
Vehicles	3,076,853	394,787	-	-	3,471,640
Total capital assets being depreciated	50,524,553	1,563,367	(13,927)	100,000	52,173,993
Accumulated depreciation for:					
Buildings and Improvements	(18,042,734)	(1,525,489)	-	-	(19,568,223)
Furniture and Equipment	(697,766)	(874,800)	13,927	-	(1,558,639)
Vehicles	(1,490,582)	(284,058)	-	-	(1,774,640)
Total accumulated depreciation	(20,231,082)	(2,684,347)	13,927	-	(22,901,502)
Total capital assets, being depreciated, net	30,293,471	(1,120,980)	-	100,000	29,272,491
Governmental activities capital assets, net	30,351,941	3,532,498	-	-	33,884,439
Intangible Right-To-Use Assets					
Leased Equipment	1,563,423	178,756	(488,517)	-	1,253,662
Less Accumulated	(1,097,455)	(195,833)	488,357	-	(804,931)
Total Intangible Right-To-Use Assets	465,968	(17,077)	(160)	-	448,731
Total Capital And Intangible Assets	\$ 30,817,909	\$3,515,421	\$ (160)	\$ -	\$ 34,333,170

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 75,579
Instruction	2,341,918
Transportation	266,255
Cost of Food Sales	595
Total Depreciation Expense	<u>\$ 2,684,347</u>

Amortization expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 7,833
Instruction	92,042
Transportation	95,958
Total Amortization Expense	<u>\$ 195,833</u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LONG-TERM DEBT

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

Governmental Activities	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Serial Bonds	\$ 2,360,000	\$ -	\$ (145,000)	\$ 2,215,000	\$ 150,000
Lease Liability	11,481	-	(4,682)	6,799	2,472
Other liabilities:					
Compensated Absences	677,297	54,800	-	732,097	73,210
ERS Pension Liability	2,029,082	-	(1,286,880)	742,202	-
Other Postemployment Benefits	98,868,339	12,579,752	-	111,448,091	3,182,278
Total long-term liabilities	<u>\$ 103,946,199</u>	<u>\$ 12,634,552</u>	<u>\$ (1,436,562)</u>	<u>\$ 115,144,189</u>	<u>\$ 3,407,960</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

Each governmental fund's liability for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other postemployment benefit obligations is liquidated by the General Fund.

The following is a summary of the maturity of serial bonds:

	Principal	Interest	Total
2027	\$ 150,000	\$ 71,425	\$ 221,425
2028	155,000	66,469	221,469
2029	160,000	61,350	221,350
2030	165,000	56,069	221,069
2031	175,000	50,544	225,544
2032-2036	970,000	161,488	1,131,488
2037-2038	440,000	15,575	455,575
Total	<u>\$ 2,215,000</u>	<u>\$ 482,920</u>	<u>\$ 2,697,920</u>

Minimum lease payments over the next five years:

	Principal	Total Interest	Total
2027	\$ 2,472	\$ 185	\$ 2,657
2028	2,472	136	2,608
2029	1,855	87	1,942
Total	<u>\$ 6,799</u>	<u>\$ 408</u>	<u>\$ 7,207</u>

Interest expense on long-term debt recorded during the year was:

Interest Paid	\$ 76,219
Less: Interest accrued - prior year	(26,192)
Plus: Interest accrued - current year	24,621
	<u>\$ 74,648</u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS

Plan Description

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

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

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

Plan Year Ended	ERS		TRS	
2026	\$	732,926	\$	1,151,895
2025	\$	611,110	\$	1,196,408
2024	\$	501,442	\$	1,148,525

At June 30, 2026, the School District reported the following for its proportionate share of the net pension (asset)/liability for ERS and TRS:

	ERS		TRS	
Measurement Date	March 31, 2026		June 30, 2025	
Net Pension (Asset)/Liability	\$	742,202	\$	(3,568,587)
School District's proportion of the net pension liability		0.0131555%		0.0602690%

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

The net pension (asset)/liability was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS and the total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by actuarial valuations as of April 1, 2025 and June 30, 2024, respectively. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2026, the School District recognized pension expense in the district-wide financial statements of \$661,666, (\$830,730 for ERS and \$(169,064) for TRS). Pension expenditures of \$1,908,509, (\$758,681 for ERS and \$1,149,828 for TRS) were recorded in the fund financial statements and were charged to the General and Cafeteria Funds.

At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 424,732	\$ 1,870,735	\$ 2,295,467
Changes of assumptions	127,403	1,412,693	1,540,096
Changes in proportion and difference between the District's contributions and proportionate share of contributions	177,560	113,127	290,687
School District's contributions subsequent to the measurement date	273,896	1,149,828	1,423,724
Total	<u>\$ 1,003,591</u>	<u>\$ 4,546,383</u>	<u>\$ 5,549,974</u>
	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Changes of assumptions	\$ -	\$ 38,475	\$ 38,475
Net difference between projected and actual earnings on pension plan investments	1,330,809	2,787,058	4,117,867
Changes in proportion and difference between the District's contributions and proportionate share of contributions	78,301	82,447	160,748
Total	<u>\$ 1,409,110</u>	<u>\$ 2,907,980</u>	<u>\$ 4,317,090</u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

Deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>TRS</u>
2026	\$ -	\$ 1,794,642
2027	312,319	(756,467)
2028	(462,206)	(790,622)
2029	(261,384)	(147,421)
2030	(268,144)	319,155
Thereafter	-	69,288
Total	<u>\$ (679,415)</u>	<u>\$ 488,575</u>

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

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2026	June 30, 2025
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	5.20%	2.04%-5.80%
Cost of Living Adjustments	1.5% annually	1.4% annually
Decrement Tables	April 1, 2020 - March 31, 2025 System's Experience Study	July 1, 2019 - June 30, 2024 System's Experience Study
Inflation Rate	2.90%	2.50%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

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

Measurement Date	ERS		TRS	
	March 31, 2026		June 30, 2025	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	25%	3.29%	33%	6.70%
International Equity	14%	5.85%	15%	7.40%
Private Equity	15%	7.00%	9%	9.80%
Real Estate Equity	12%	5.20%	11%	6.50%
Domestic Fixed Income	0%	0.00%	16%	2.60%
Global Bonds	0%	0.00%	2%	2.40%
High Yield Bonds	0%	0.00%	1%	4.70%
Global Equity	0%	0.00%	4%	7.00%
Private Debt	0%	0.00%	2%	6.10%
Real Estate Debt	0%	0.00%	6%	3.80%
Opportunistic/Absolute Return Strategy	3%	5.13%	0%	0.00%
Credit	4%	5.10%	0%	0.00%
Real Assets	4%	5.54%	0%	0.00%
Fixed Income	22%	1.75%	0%	0.00%
Cash Equivalents	1%	0.25%	1%	0.60%
Total	100%		100%	

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

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

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$ 5,069,037	\$ 742,202	\$ (2,875,223)
	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$ 6,857,086	\$ (3,568,587)	\$ (12,341,248)

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

The components of the collective net pension (asset)/liability as of the March 31, 2026 ERS measurement date and the June 30, 2025 TRS measurement date were as follows.

Measurement Date	(Dollars in Thousands)	
	ERS	TRS
	March 31, 2026	June 30, 2025
Employers' total pension liability	\$ 253,773,040	\$ 148,272,069
Plan net position	248,131,290	154,193,125
Employers' net pension (asset)/liability	<u>\$ 5,641,750</u>	<u>\$ (5,921,056)</u>
Ratio of plan net position to the employers' total pension (asset)/liability	97.78%	104.00%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2026 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2026 were \$273,896 to ERS and \$1,334,153 to TRS and were recorded in the General Fund.

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

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

At June 30, 2026, the following employees were covered by the benefit terms:

Active Employees	229
Retirees	179
Total Employees Covered by Benefit Terms	<u>408</u>

The School District's total OPEB liability of \$111,448,091 was measured as of June 30, 2026 and was determined by an actuarial valuation dated July 1, 2024.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) – CONTINUED

The total OPEB liability as of the June 30, 2026 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.90%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	4.26%
Healthcare Cost Trend Rates	7.00% decreasing to 4.5% over 55 years
Retiree's Share of Benefit Related Costs	Varies depending on age, date of retirement and bargaining unit

The discount rate was based on an average of two twenty-year municipal bond indices as of June 30, 2026.

Mortality rates were based on recent mortality tables published by SOA (Pub-2010), using the most current SOA Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2015 with the exception of mortality rates.

A summary of changes in the District’s OPEB plan liability is as follows:

	Year Ended June 30, 2026
Service Cost	\$ 2,080,927
Interest	4,144,009
Changes in Assumptions or Other Inputs	9,537,094
Benefit Payments	(3,182,278)
Net Change in Total OPEB Liability	12,579,752
Total OPEB Liability - Beginning	98,868,339
Total OPEB Liability - Ending	111,448,091
Current Portion	3,182,278
Long-Term Portion	\$ 108,265,813

PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) – CONTINUED

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.26%) or 1 percentage point higher (5.26%) than the current discount rate:

	1% Decrease 3.26%	Discount Rate 4.26%	1% Increase 5.26%
Total OPEB Liability	\$ 134,637,783	\$ 111,448,091	\$ 93,968,045

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 91,941,202	\$ 111,448,091	\$ 137,629,603

For the year ended June 30, 2026, the School District recognized a reduction in OPEB expense of \$(8,666,643) and benefit payments of \$(3,182,278) in the district-wide financial statements. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or other inputs	\$ 8,303,317	\$ 50,086,665
Total	\$ 8,303,317	\$ 50,086,665

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

Year Ending June 30,	Amount
2027	\$ (17,201,055)
2028	(13,229,081)
2029	(6,158,797)
2030	(4,114,399)
2031	(1,398,595)
Thereafter	318,579
Total	\$ (41,783,348)

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

X. RISK MANAGEMENT

The District participates in the Dutchess Educational Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District incurs costs related to a workers' compensation insurance plan ("Plan") sponsored by Dutchess County BOCES. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of five (5) years; a member may withdraw from the plan after that time by providing 180 days written notice. Plan members include 13 districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, the members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both future payments of losses and related claim events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Based on actuarial reports received by the District, there was no liability due to the Plan as of June 30, 2026. Financial statements for the Plan are available from the administrator at 5 BOCES Road, Poughkeepsie, New York 12601.

XI. CONTINGENCIES

Tax Certiorari Proceedings

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

Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

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

XII. ADOPTION OF CHANGE IN ACCOUNTING PRINCIPLE

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement addresses application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The District adopted the statement as of July 1, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires leases, intangible right-to-use assets, and subscription-based information technology arrangements to be disclosed separately in the capital assets note disclosures. Additionally, this statement mandates the separate disclosure of all other intangible assets by major class, excluding the aforementioned types. The District adopted the statement as of July 1, 2025.

**PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

XIII. NEW ACCOUNTING STANDARDS

In December 2025, GASB issued statement No. 105, *Subsequent Events*. This statement addresses inconsistencies in how governments evaluate and report events that happen after their fiscal year-end. The requirements of this statement are effective for fiscal years beginning after June 15, 2026

Management has not estimated the potential impact of these statements, if any, on the School District's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

<u>Total OPEB Liability</u>	6/30/26	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
Service Cost	\$ 2,080,927	\$ 1,743,406	\$ 2,135,444	\$ 2,130,653	\$ 2,449,305	\$ 4,007,256	\$ 2,817,467	\$ 2,477,697	\$ 3,852,205
Interest	4,144,009	5,359,749	4,541,725	5,660,996	7,484,889	4,454,901	5,291,664	3,733,217	4,043,310
Change of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-	-	-	-
Changes in Assumptions or Other Inputs	9,537,094	(19,228,122)	(1,956,176)	(35,126,434)	(63,632,578)	(14,536,905)	25,630,957	54,516,674	-
Benefit Payments	(3,182,278)	(3,212,910)	(3,118,809)	(3,172,185)	(3,457,588)	(3,662,470)	(3,260,970)	(3,257,749)	(2,726,824)
Net Change in Total OPEB Liability	12,579,752	(15,337,877)	1,602,184	(30,506,970)	(57,155,972)	(9,737,218)	30,479,118	57,469,839	5,168,691
Total OPEB Liability - Beginning	98,868,339	114,206,216	112,604,032	143,111,002	200,266,974	210,004,192	179,525,074	122,055,235	116,886,544
Total OPEB Liability - Ending (a)	\$ 111,448,091	\$ 98,868,339	\$ 114,206,216	\$ 112,604,032	\$ 143,111,002	\$ 200,266,974	\$ 210,004,192	\$ 179,525,074	\$ 122,055,235
<u>Plan Fiduciary Net Position</u>									
Contributions - Employer	\$ 3,182,278	\$ 3,212,910	\$ 3,118,809	\$ 3,172,185	\$ 3,457,588	\$ 3,662,470	\$ 3,260,970	\$ 3,257,749	\$ 2,726,824
Benefit Payments	(3,182,278)	(3,212,910)	(3,118,809)	(3,172,185)	(3,457,588)	(3,662,470)	(3,260,970)	(3,257,749)	(2,726,824)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 111,448,091	\$ 98,868,339	\$ 114,206,216	\$ 112,604,032	\$ 143,111,002	\$ 200,266,974	\$ 210,004,192	\$ 179,525,074	\$ 122,055,235
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 15,751,977	\$ 15,751,977	\$ 14,571,981	\$ 14,571,981	\$ 13,956,459	\$ 13,956,459	\$ 12,938,267	\$ 12,072,487	\$ 10,635,387
Total OPEB Liability as a percentage of covered payroll	707.5%	627.7%	783.7%	772.7%	1025.4%	1434.9%	1623.1%	1487.1%	1147.6%
<u>Notes to Schedule:</u>									
Changes in Assumptions:									
Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.									
The following are the discount rates used in each period:									
	4.26%	4.76%	4.09%	4.00%	3.77%	2.14%	2.60%	3.10%	3.50%

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
AND RELATED RATIOS

Plan Year End	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Actual Covered Member Payroll	Net Pension (Asset)/ Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Teacher's Retirement System					
6/30/2025	0.0602690%	\$ (3,568,587)	\$ 12,032,360	-29.66%	104.00%
6/30/2024	0.0616320%	\$ (1,838,849)	\$ 11,969,329	-15.36%	102.10%
6/30/2023	0.0611200%	\$ 698,961	\$ 11,520,440	6.07%	99.17%
6/30/2022	0.0630840%	\$ 1,210,516	\$ 11,264,056	10.75%	98.60%
6/30/2021	0.0613660%	\$ (10,634,215)	\$ 11,264,117	-94.41%	113.20%
6/30/2020	0.0606700%	\$ (1,676,464)	\$ 10,591,862	-15.83%	97.80%
6/30/2019	0.0585300%	\$ (1,520,611)	\$ 10,628,582	-14.31%	102.20%
6/30/2018	0.0620990%	\$ (1,122,916)	\$ 10,429,103	-10.77%	101.66%
6/30/2017	0.0628820%	\$ (477,968)	\$ 9,964,765	-4.80%	100.66%
6/30/2016	0.0624580%	\$ 668,955	\$ 9,637,958	6.94%	99.01%
Plan Year End	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Actual Covered Member Payroll	Net Pension (Asset)/ Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employee's Retirement System					
3/31/2026	0.0131555%	\$ 742,202	\$ 4,874,689	15.23%	97.78%
3/31/2025	0.0118343%	\$ 2,029,082	\$ 4,652,960	43.61%	93.08%
3/31/2024	0.0128950%	\$ 1,898,660	\$ 4,113,338	46.16%	93.88%
3/31/2023	0.0124458%	\$ 2,668,885	\$ 3,972,954	67.18%	90.78%
3/31/2022	0.0118331%	\$ (967,305)	\$ 3,690,689	-26.21%	103.65%
3/31/2021	0.0117381%	\$ (11,688)	\$ 3,467,330	-0.34%	99.95%
3/31/2020	0.0121217%	\$ 3,209,891	\$ 3,474,372	92.39%	96.36%
3/31/2019	0.0115845%	\$ 820,795	\$ 3,391,591	24.20%	96.27%
3/31/2018	0.0115124%	\$ 371,556	\$ 3,397,538	10.94%	98.24%
3/31/2017	0.0114710%	\$ 1,077,843	\$ 3,358,579	32.09%	94.70%

**PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year End	Contractually Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Teacher's Retirement System					
6/30/2026	\$ 1,151,895	\$ 1,151,895	\$ -	\$ 12,208,941	9.43%
6/30/2025	\$ 1,196,408	\$ 1,196,408	\$ -	\$ 12,032,360	9.94%
6/30/2024	\$ 1,148,525	\$ 1,148,525	\$ -	\$ 11,969,329	9.60%
6/30/2023	\$ 1,146,948	\$ 1,146,948	\$ -	\$ 11,520,440	9.96%
6/30/2022	\$ 1,161,573	\$ 1,161,573	\$ -	\$ 11,264,056	10.31%
6/30/2021	\$ 992,631	\$ 992,631	\$ -	\$ 11,264,117	8.81%
6/30/2020	\$ 912,363	\$ 912,363	\$ -	\$ 10,591,862	8.61%
6/30/2019	\$ 1,037,531	\$ 1,037,531	\$ -	\$ 10,628,582	9.76%
6/30/2018	\$ 991,295	\$ 991,295	\$ -	\$ 10,429,103	9.51%
6/30/2017	\$ 1,167,870	\$ 1,167,870	\$ -	\$ 9,964,765	11.72%
Fiscal Year End	Contractually Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Employee's Retirement System					
6/30/2026	\$ 732,926	\$ 732,926	\$ -	\$ 4,951,072	14.80%
6/30/2025	\$ 611,110	\$ 611,110	\$ -	\$ 4,782,440	12.78%
6/30/2024	\$ 501,442	\$ 501,442	\$ -	\$ 4,179,669	12.00%
6/30/2023	\$ 413,106	\$ 413,106	\$ -	\$ 4,052,567	10.19%
6/30/2022	\$ 547,231	\$ 547,231	\$ -	\$ 3,726,670	14.68%
6/30/2021	\$ 489,053	\$ 489,053	\$ -	\$ 3,547,317	13.79%
6/30/2020	\$ 478,061	\$ 478,061	\$ -	\$ 3,481,343	13.73%
6/30/2019	\$ 499,634	\$ 499,634	\$ -	\$ 3,408,971	14.66%
6/30/2018	\$ 507,618	\$ 507,618	\$ -	\$ 3,385,769	14.99%
6/30/2017	\$ 478,708	\$ 478,708	\$ -	\$ 3,409,632	14.04%

PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - over (under)	Actual Amounts	Year-End	Variance with Final Budget - over (under)
	Original	Final	Final Budget	GAAP Basis	Encumbrances	Actual & Encumbrances
Revenues:						
Real Property Taxes	\$ 27,885,802	\$ 27,032,553	\$ (853,249)	\$ 26,982,622	\$ -	\$ (49,931)
Other Tax Items	75,000	928,249	853,249	922,588	-	(5,661)
Charges for Services	85,000	85,000	-	264,041	-	179,041
Use of Money and Property	675,000	675,000	-	991,925	-	316,925
Sale of Property and Compensation for Loss	-	-	-	129,150	-	129,150
Miscellaneous	390,000	390,000	-	266,734	-	(123,266)
State Aid	8,526,534	8,541,534	15,000	8,368,448	-	(173,086)
Federal Aid	75,000	75,000	-	216,934	-	141,934
Total Revenues	37,712,336	37,727,336	15,000	38,142,442	-	415,106
Expenditures:						
General Support						
Board of Education	47,381	76,756	29,375	59,266	-	(17,490)
Central Administration	314,738	334,439	19,701	329,638	-	(4,801)
Finance	466,697	521,855	55,158	467,542	33,950	(20,363)
Staff	237,578	233,476	(4,102)	200,575	31,040	(1,861)
Central Services	2,475,915	2,761,541	285,626	2,545,720	103,103	(112,718)
Special Items	322,847	364,389	41,542	358,924	7,500	2,035
Total General Support	3,865,156	4,292,456	427,300	3,961,665	175,593	(155,198)
Instruction						
Instruction, Administration and Improvement	1,095,949	1,284,241	188,292	1,250,399	5,360	(28,482)
Teaching - Regular School	8,518,126	8,540,804	22,678	8,500,538	2,686	(37,580)
Programs for Students with Disabilities	5,088,264	4,933,593	(154,671)	4,835,744	-	(97,849)
Occupational Education	690,000	881,815	191,815	877,157	-	(4,658)
Teaching - Special School	70,667	70,667	-	17,775	-	(52,892)
Instructional Media	1,660,502	1,782,710	122,208	1,622,978	11,434	(148,298)
Pupil Services	1,906,370	1,948,960	42,590	1,794,764	7,265	(146,931)
Total Instruction	19,029,878	19,442,790	412,912	18,899,355	26,745	(516,690)
Pupil Transportation	2,750,821	3,663,175	912,354	3,361,679	5,535	(295,961)
Employee Benefits	12,570,262	12,000,241	(570,021)	11,135,814	44,075	(820,352)
Debt Service	221,219	228,016	6,797	221,219	-	(6,797)
Total Expenditures	38,437,336	39,626,678	1,189,342	37,579,732	251,948	(1,794,998)
Excess/(Deficiency) of Budgetary Excess Revenues Over Expenditures	(725,000)	(1,899,342)	(1,174,342)	562,710	(251,948)	2,210,104
Other Financing Sources/(Uses):						
Operating Transfers In	-	19,768	19,768	19,768	-	-
Operating Transfers Out	(275,000)	(9,375,000)	(9,100,000)	(9,361,097)	-	13,903
Total Other Financing Sources/(Uses)	(275,000)	(9,355,232)	(9,080,232)	(9,341,329)	-	13,903
Net Change in Fund Balance	(1,000,000)	(11,254,574)	(10,254,574)	(8,778,619)	(251,948)	2,224,007
Appropriated Fund Balance	1,000,000	11,254,574	10,254,574	-	-	(11,254,574)
Change in Fund Balance	-	-	-	(8,778,619)	(251,948)	(9,030,567)
Budgetary Fund Balance - Beginning of Year	20,538,691	20,538,691		20,538,691		-
Budgetary Fund Balance - End of Year	\$ 20,538,691	\$ 20,538,691		\$ 11,760,072		\$ (9,030,567)

Reconciliation to GAAP Basis

Total Fund Balance GAAP Basis \$ 11,760,072

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America

PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	<u>General Fund over/(under)</u>
BUDGETARY REVENUES	
Differences-final budget to actual:	
<u>Charges for Services</u>	
The District added charges for services non-resident student tuition, lost charger, lost laptop, and lost library book fees.	\$ 179,041
<u>Use of Money and Property</u>	
Actual amounts of interest revenue exceeded the budgeted amount as the District saw higher interest rates than expected.	\$ 316,925
<u>Sale of Property and Compensation for Loss</u>	
Sale of Property and Compensation for Loss - this included sale of surplus buses and the sale of the Winner's Circle Car (commission).	\$ 129,150
<u>Miscellaneous</u>	
The revenue budget-to-actual discrepancy is attributable to several items, including prior-year expenses for Play On Sports commissions, Dutchess and Columbia County reimbursements for preschool-related services, e-waste recycling, duplicate payment returns, and a NYSIR deductible recovery. Other unclassified revenue includes COBRA remittances, current-year Dutchess and Columbia County reimbursements for preschool-related services, scrap metal proceeds, miscellaneous vendor credits, MetLife dividends, a projector damage settlement, and workers' compensation refunds.	\$ (123,266)
<u>State Aid</u>	
Other State Aid included 23/24 and 24/25 Nonresident Homeless Aid, 25/26 Distraction Free Payment. Medicaid Aid resulted in more aid than anticipated which also then applies to the offset as well. However, over all federal aid remained similar.	\$ (173,086)
BUDGETARY EXPENDITURES	
Differences-original budget to final budget:	
<u>Central Services</u>	
The budget adjustments included \$133,639 of carry over encumbrances as well as electrical clean up billing from prior year's due to new billing process with Central Hudson. The budget adjustment also included installation of a new phone system and maintenance for that phone system, parking lot sealing and striping, transfer from the Repair Reserve of \$50,000 per BOE approval, and increase in architects fees due to allocating the Bullet Aid to cover some of those costs as well as reclassification of Seymour Smith Project architect fees due to funding limit for project.	\$ 285,626
<u>Instruction - Teaching</u>	
Regular School - this is final budget to actual number. Spending was frozen (mid-March) except for necessary items to continue program and operations.	\$ 22,678
<u>Instruction - Programs for Students with Disabilities</u>	
Funds were transferred and reclassified from Tuition Charges to Other Schools to offset the contracted bus runs through Dutchess BOCES. In addition, transfers were made to the BOCES Services for Special Education.	\$ (154,671)
<u>Pupil Transportation</u>	
Budget adjustments totaling \$506,234 were made to cover contracted bus services through Dutchess BOCES, as the number of contracted runs significantly exceeded original projections. Additionally, bus purchases totaling \$394,787 were made during the year, contributing to the budget-to-actual variance.	\$ 912,354

PINE PLAINS CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

BUDGETARY EXPENDITURES - CONTINUED

Differences-final budget to actual:

Central Services

Spending was frozen (mid-March) except for necessary items to continue operations. \$ (112,718)

Instruction, Administration and Improvement

Spending was frozen (mid-March) except for necessary items to continue operations. \$ (28,482)

Teaching - Regular School

Spending was frozen (mid-March) except for necessary items to continue operations. \$ (37,580)

Programs for Students with Disabilities

Spending was frozen (mid-March) except for necessary items/services to continue program and operations. A few contractual costs were lower than projected/anticipated during budget building. \$ (97,849)

Instructional Media

Spending was frozen (mid-March) except for necessary items/services to continue programs and operations. Costs for contractual services and BOCES services were lower than anticipated/projected during budget building. \$ (148,298)

Pupil Services

Spending was frozen (mid-March) except for necessary items/services to continue operations. Health services for other Districts as well as contractual, Mental Health Clinic services were below the anticipated/projected need. \$ (146,931)

Pupil Transportation

Numerous factors came into play for the 25/26 school year. There were reductions of staff mid-year; fuel, oil and parts costs came in lower than projected/anticipated; repairs were lower as well as a radio lease agreement ended and now there is only a monthly charge for usage. \$ (295,961)

Employee Benefits

Health insurance premiums came in lower than anticipated/projected (staffing changes) and health insurance contributions were not used in full to help fulfill budget expenditures. \$ (820,352)

BUDGETARY OTHER FINANCING USES

Differences-final budget to actual:

Operating Transfers Out

The transfer to the Cafeteria Fund was less than anticipated/projected and the District closed the Debt Service Fund and transferred the balance of those funds to help offset the debt service payments for the 25/26 school year. \$ 13,903

**SUPPLEMENTARY
INFORMATION**

**PINE PLAINS CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2026**

	Cafeteria Fund	Debt Service Fund	Special Misc. Revenue Fund	Total Non- Major Funds
ASSETS				
Cash and Cash Equivalents	\$ 447,106	\$ -	\$ 25,220	\$ 472,326
State and Federal Aid Receivable	84,837	-	-	84,837
Accounts Receivable	375	-	-	375
Inventories	29,219	-	-	29,219
Total Assets	<u>\$ 561,537</u>	<u>\$ -</u>	<u>\$ 25,220</u>	<u>\$ 586,757</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 8,185	\$ -	\$ 276	\$ 8,461
Accrued Liabilities	676	-	65	741
Due to Other Funds	360,985	-	-	360,985
Due to Other Governments	589	-	-	589
Total Liabilities	<u>370,435</u>	<u>-</u>	<u>341</u>	<u>370,776</u>
Deferred Inflows of Resources:				
Deferred Inflows of Resources - Other	<u>4,559</u>	<u>-</u>	<u>-</u>	<u>4,559</u>
Fund Balances:				
Nonspendable	29,919	-	-	29,919
Assigned	156,624	-	24,879	181,503
Total Fund Balances	<u>186,543</u>	<u>-</u>	<u>24,879</u>	<u>211,422</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 561,537</u>	<u>\$ -</u>	<u>\$ 25,220</u>	<u>\$ 586,757</u>

PINE PLAINS CENTRAL SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Cafeteria Fund	Debt Service Fund	Special Misc. Revenue Fund	Total Non- Major Funds
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 38,353	\$ 38,353
State Aid	265,633	-	-	265,633
Federal Aid	364,862	-	-	364,862
Sales - School Lunch	87,684	-	-	87,684
Total Revenues	718,179	-	38,353	756,532
Expenditures:				
Employee Benefits	159,905	-	-	159,905
Cost of Sales	689,965	-	-	689,965
Other Expenditures	-	-	39,540	39,540
Total Expenditures	849,870	-	39,540	889,410
Excess/(Deficiency) of Revenues Over Expenditures	(131,691)	-	(1,187)	(132,878)
Other Financing Sources/(Uses):				
Operating Transfers In	107,682	-	-	107,682
Operating Transfers Out	-	(19,768)	-	(19,768)
Total Other Financing Sources/(Uses)	107,682	(19,768)	-	87,914
Change in Fund Balances	(24,009)	(19,768)	(1,187)	(44,964)
Fund Balances - Beginning	210,552	19,768	26,066	256,386
Fund Balances - Ending	\$ 186,543	\$ -	\$ 24,879	\$ 211,422

PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2026

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Refinanced During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2026	Due Within the Next Year
<u>SERIAL BONDS</u>											
2022 Bond	2022	2037	3.25%	\$ 2,360,000	\$ -	\$ 145,000	\$ -	\$ 2,215,000	\$ 76,219	\$ 24,621	\$ 150,000
TOTAL SERIAL BONDS				2,360,000	-	145,000	-	2,215,000	76,219	24,621	150,000
TOTAL INDEBTEDNESS				\$ 2,360,000	\$ -	\$ 145,000	\$ -	\$ 2,215,000	\$ 76,219	\$ 24,621	\$ 150,000

**OTHER
INFORMATION**

**PINE PLAINS CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2026**

Adopted Budget	\$ 38,712,336
Additions:	
Encumbrances from Prior Year	<u>675,477</u>
Original Budget	39,387,813
Budget Amendments - Transfers Out	9,100,000
Budget Amendments - Other	<u>513,865</u>
Final Budget	<u><u>\$ 49,001,678</u></u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2026**

2026-2027 Voter-approved expenditure budget maximum allowed	<u><u>\$ 40,488,222</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	1,851,948
Unassigned Fund Balance	<u>2,312,508</u>
Total Unrestricted Fund Balance	<u>4,164,456</u>
Less:	
Appropriated Fund Balance for 2026-27 Budget	1,600,000
Encumbrances Included in Assigned Fund Balance	<u>251,948</u>
Total Adjustments	<u>1,851,948</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,312,508</u></u>
Actual Percentage	<u><u>5.71%</u></u>

**PINE PLAINS CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2026**

Expenditures and Transfers to Date						Methods of Financing						Fund Balance
Project	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Project	Proceeds of Obligations	Federal/State Aid	Local Sources	Interfund Transfers	Totals	(Deficit) at June 30, 2026
District-wide 2026 Phase 1	\$ 12,900,000	\$ -	\$ 4,529,888	\$ 4,529,888	\$ 8,370,112	District-wide 2026 Phase 1	\$ -	\$ -	\$ -	#####	\$ 9,100,000	\$ 4,570,112
District-wide 2021 Phase 2	757,768	4,970	23,590	28,560	729,208	District-wide 2021 Phase 2	-	-	757,768	-	757,768	729,208
General Construction 2026	100,000	-	100,000	100,000	-	General Construction 2026	-	-	-	100,000	100,000	-
Total	\$ 13,757,768	\$ 4,970	\$ 4,653,478	\$ 4,658,448	\$ 9,099,320	Total	\$ -	\$ -	\$ 757,768	#####	\$ 9,957,768	\$ 5,299,320

PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2026

Capital Assets, net		\$	33,884,439
Right to Use Lease Asset			448,731
Deductions:			
Short-term Portion of Bonds Payable	150,000		
Long-term Portion of Bonds Payable	2,065,000		
Short-term Portion of Lease Liability	2,472		
Long-term Portion of Lease Liability	4,327		
			<u>2,221,799</u>
Net Investment in Capital Assets		\$	<u><u>32,111,371</u></u>

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Board of Education
Pine Plains Central School District
2829 Church Street
Pine Plains, NY 12567

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pine Plains Central School District (the "School District") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2026-001.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

RBT CPAs, LLP

Hudson, NY
October 15, 2026

**PINE PLAINS CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2026**

A. Internal Control Finding

None Noted

B. Compliance Finding

2026-001: Unassigned Fund Balance

Condition: The District's unassigned fund balance as of June 30, 2026, was approximately 5.71% of the 2026 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires Districts maintain no more than 4% of the subsequent year's budgeted expenditures in unassigned fund balance in the General Fund.

Cause: The District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.

Effect: The District was not in compliance with Section 1318 of the NYS Real Property Tax Law.

Recommendation: RBT recommends that the District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

