

**STILLWATER CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2020**

# STILLWATER CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Stillwater Central School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Stillwater Central School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Stillwater Central School District, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1-A12, budgetary comparison information on pages C1 and C2, schedules of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplemental Schedules*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stillwater Central School District's basic financial statements. The supplemental schedules on pages D1 - D3 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY  
October 16, 2020

## STILLWATER CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2020. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.*

#### FINANCIAL HIGHLIGHTS

- The District experienced a decrease of \$1,868,432 in total net position. This is a result of unfavorable variances in District revenue, as well as the change in accrual for deferred outflows and inflows for TRS, ERS and other post employment benefits.
- GASB 75 requires that a long-term liability be accrued for other post employment benefits. The amount of this accrual for the year ended Stillwater Central School District is \$27,247,167, an increase of \$1,978,359 from the prior year due to changes in assumptions.
- The District's 2019-2020 general fund expenditures were under expended by \$2,194,041.
- The District received a AA- rating for their series 2016 general obligation school district refunding bonds and affirmed a AA- rating on the District's existing general obligation debt.
- In the prior year the District refunded their series 2009 general obligation bonds, with approximate interest saved of \$757,000 over 13 years for the District.
- In June 2020, the 2020-2021 budget proposal was approved, applying fund balance of \$975,000 from 2019-2020.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and the required supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The fund's financial statements concentrate on the District's most significant funds with all major funds listed in separate columns.
- The *governmental funds statements* tell how basic services, such as regular and special education, were financed in the *short-term*, as well as what remains for future spending.

# STILLWATER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Table A-1 shows how the various sections of this annual report are arranged and related to one another.

**Table A-1 Organization of the District's Annual Financial Report**

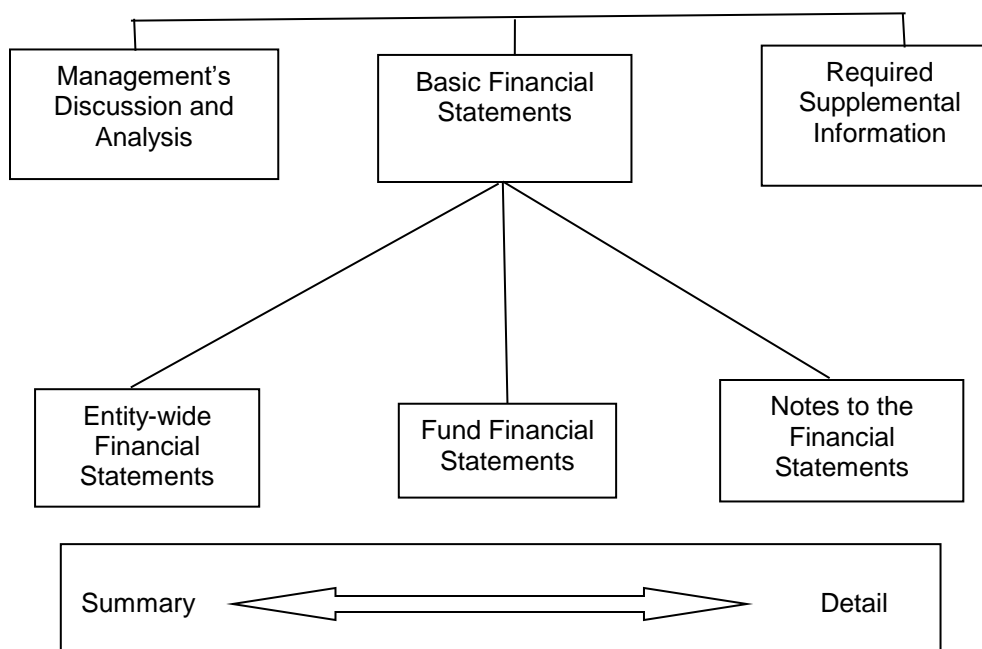


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

# STILLWATER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Table A-2 Major Features of the School District-wide and Fund Financial Statements**

	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The daily operating activities of the District, such as instruction and special education.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund equity</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of changes in net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset and deferred outflow/liability and deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of Inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

### District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.



## **STILLWATER CENTRAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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#### **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

##### **District-Wide Statements (Continued)**

Net position of the governmental activities differ from governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated.

Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position as follows:
  - Investment in capital assets, net of related debt.
  - Restricted net position has constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

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

The fund financial statements provide more detailed information about the District's funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital projects fund, and the debt service fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

## STILLWATER CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

##### Fund Financial Statements (Continued)

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position as of June 30, 2020, are as detailed in Tables A-3 and A-4.

**Table A-3 Condensed Statement of Net position (In Thousands of Dollars)**

	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Percent Change</b>
Current and other assets	\$ 21,565	\$ 16,598	29.93%
Noncurrent assets	<u>38,474</u>	<u>32,454</u>	18.55%
Total assets	<u>\$ 60,039</u>	<u>\$ 49,052</u>	22.40%
Deferred outflows of resources	<u>7,550</u>	<u>7,514</u>	0.48%
Current liabilities	\$ 19,733	\$ 8,107	143.41%
Long-term liabilities	<u>40,103</u>	<u>38,131</u>	5.17%
Total liabilities	<u>\$ 59,836</u>	<u>\$ 46,238</u>	29.41%
Deferred inflows of resources	<u>2,501</u>	<u>3,209</u>	(22.06%)
Net position			
Net investment in capital assets	\$ 20,826	\$ 19,781	5.28%
Restricted	5,053	5,289	(4.46%)
Unrestricted	<u>(20,627)</u>	<u>(17,950)</u>	(14.91%)
Total net position	<u>\$ 5,252</u>	<u>\$ 7,120</u>	(26.24%)

During 2020, the District's assets and deferred outflows increased by approximately \$11.0 million (See Table A-3) primarily as a result of increased cash due to unspent Bond Anticipation Note Proceeds.

Deferred outflows of resources relate primarily to ERS, TRS, OPEB and the deferred loss on refunding.

The increase in liabilities and deferred inflows can be attributed primarily to the Bond Anticipation Note.

## STILLWATER CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

##### Changes in Net position

The District's fiscal year 2020 revenue totaled \$24,756,535 (See Table A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 52% and 41%, respectively, of the total revenue raised (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$26,624,967 for 2020. These expenses (78%) are predominately for the education, supervision, and transportation of students (see Table A-6). The District's administrative and business activities accounted for 18% of total costs.

Net position decreased during the year by \$1,868,432.

**Table A-4      Changes in Net position from Operating Results (In Thousands of Dollars)**

	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Percent Change</b>
Revenue			
Charges for services	\$ 165	\$ 224	(26.34%)
Operating grants	889	817	8.81%
Capital grants	-	436	(100.00%)
General revenue			
Real property taxes	12,790	12,640	1.19%
Use of money and property	155	70	121.43%
State sources	10,234	11,309	(9.51%)
Federal sources	52	90	(42.22%)
Other income	471	243	93.83%
Total revenue	<u>24,756</u>	<u>25,829</u>	(5.10%)
Expenses			
General support	4,873	3,883	25.50%
Instruction	19,169	17,651	8.60%
Pupil transportation	1,579	1,559	1.28%
Debt service	444	390	13.85%
Capital Outlay	-	16	(100.00%)
Cost of sales	560	531	5.46%
Total expenses	<u>26,625</u>	<u>24,030</u>	10.80%
(Decrease)/ Increase in net position	<u>\$ (1,868)</u>	<u>\$ 1,798</u>	(203.89%)

Property tax revenues stable due to a minimal increase in the tax levy. State aid decreased based on the state aid formula and a 20 percent reduction in amounts collected during August and September 2020.

## STILLWATER CENTRAL SCHOOL DISTRICT

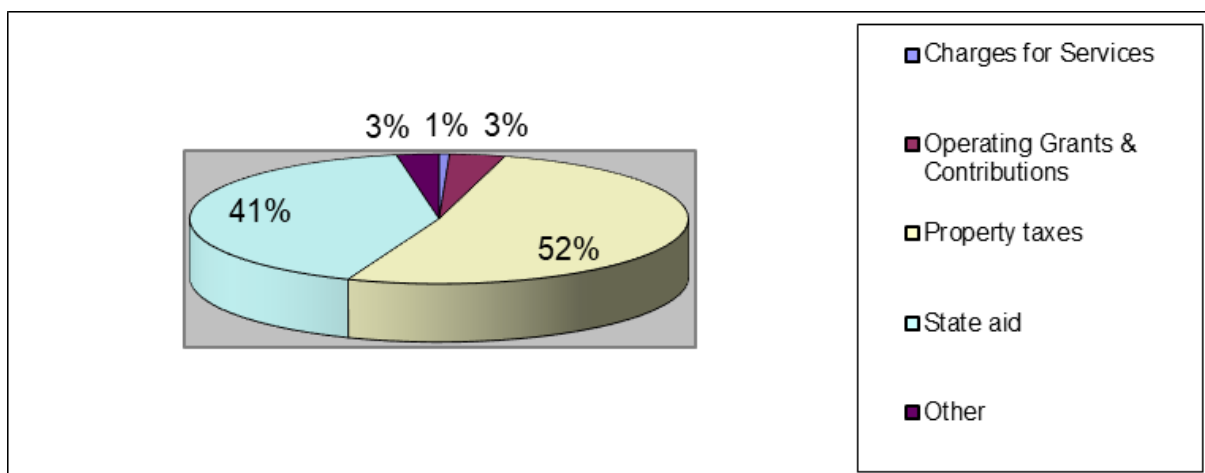
### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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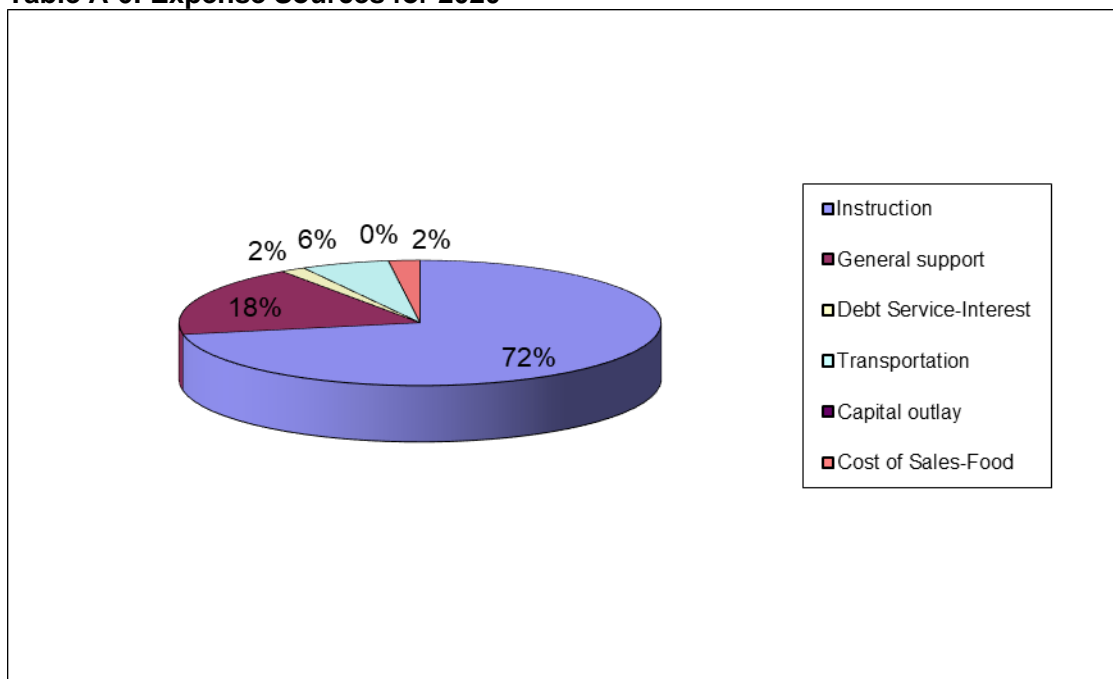
#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

The increase in instruction expenses can be explained by increased costs for personal services and employee benefits. Debt service cost has decreased due to paying off debt in the past year. School lunch program expenses increased from the prior year due to capital outlay purchases.

**Table A-5: Revenue Sources for 2020**



**Table A-6: Expense Sources for 2020**



## STILLWATER CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

##### Governmental Activities

Revenue for the District's governmental activities totaled \$24,756,535 while total expenses were \$26,624,967. Accordingly, net position decreased by \$1,868,432.

Table A-7 presents the cost of several of the District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7 Net Cost of Governmental Activities (In Thousands of Dollars)**

	<b>Total Cost of Services <u>2020</u></b>	<b>Net Cost of Services <u>2020</u></b>	<b>Total Cost of Services <u>2019</u></b>	<b>Net Cost of Services <u>2019</u></b>
General support	\$ 4,873	\$ 4,873	\$ 3,883	\$ 3,883
Instruction	19,169	18,502	17,651	16,991
Pupil transportation	1,579	1,578	1,559	1,559
Debt service - Interest	444	444	390	390
Capital Outlay	-	-	16	(420)
Cost of sales - Food	<u>560</u>	<u>174</u>	<u>531</u>	<u>150</u>
Decrease in net position	<u>\$ 26,625</u>	<u>\$ 25,571</u>	<u>\$ 24,030</u>	<u>\$ 22,553</u>

- The cost of all governmental activities for the year was \$26,624,967.
- The users of the District's programs financed \$164,594 of the costs.
- The federal and state government financed \$889,179 of the costs.
- Most of the District's net costs of \$25,571,194 were financed by taxpayers and state and federal aid.

#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

## STILLWATER CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

##### Governmental Funds Highlights

The following is a brief description of the activity in the governmental funds for 2020:

General Fund: Revenues exceeded expenditures by \$485,600 in the 2019-2020 year. The approximate \$486,000 increase in the general fund was primarily due to conservative budgeting, favorable variances in the special education accounts, teaching accounts and costs associated with employee benefits.

Special Aid Fund: By the purpose of the fund, special aid does not generate a fund balance. Revenue received is expended. Approximately \$656,000 was received for state and federal grants in this fund.

School Lunch Fund: The school lunch fund ended 2019-2020 fiscal year with an operating surplus of \$10,886. This operating surplus occurred despite food costs that are required to be in compliance with the federal child nutrition rules increasing and costs associated with personal services also increasing.

Capital Projects Fund: \$7,470,067 was expended for capital projects for the year ended June 30, 2020. The capital projects fund ended 2019-2020 fiscal year with a fund deficit of \$8,682,323.

Debt Service Fund: The debt service fund ended the year with a \$1,099,325 fund balance.

##### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

# STILLWATER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued) Results vs. Budget (In Thousands of Dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>En- cumbrances</u>	<u>Variance (Actual/ Budget)</u>
Revenue					
Local sources	\$ 13,254	\$ 13,391	\$ 13,292	\$ -	\$ (100)
State sources	10,482	10,482	10,138	-	(344)
Federal sources	52	52	52	-	-
Transfers in	275	275	275	-	-
Total	<u>24,063</u>	<u>24,200</u>	<u>23,757</u>	<u>-</u>	<u>(444)</u>
Expenditures					
General support	2,779	3,378	3,148	16	214
Instruction	12,502	12,544	11,231	27	1,286
Transportation	1,603	1,597	1,286	-	311
Employee benefits	6,059	5,738	5,419	5	314
Debt service	2,293	2,116	2,059	-	57
Transfers out	140	140	128	-	12
Total	<u>25,376</u>	<u>25,513</u>	<u>23,271</u>	<u>48</u>	<u>2,194</u>
Revenue over (under) expenditures	<u>\$ (1,313)</u>	<u>\$ (1,313)</u>	<u>\$ 486</u>	<u>\$ (48)</u>	<u>\$ 2,638</u>

The general fund is the only fund for which a budget is legally adopted.

The District's 2019-2020 actual revenue was less than its budgeted revenue by approximately \$444,000 due to unfavorable variances in state aid and local sources.

## STILLWATER CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

The District's 2019-2020 expenditures, including encumbrances, were under expended by approximately \$2,194,000 due to careful monitoring and control of general fund expenditures.

The District considers the results achieved regarding the 2019-2020 finances to be very satisfactory. The District also met its target to have \$975,000 in fund balance available on June 30, 2020 to support the 2020-2021 budget.

#### CAPITAL ASSETS

As of June 30, 2020, the District had \$37,251,372 invested in buildings, computers, and other educational equipment.

**Table A-8 Capital Assets (In Thousands of Dollars), net of accumulated depreciation**

	<b>Fiscal Year <u>2020</u></b>	<b>Fiscal Year <u>2019</u></b>
Land	\$ 57	\$ 57
Construction in progress	10,165	2,398
Buildings and improvements	23,399	25,258
Furniture, equipment, and vehicles	<u>3,630</u>	<u>3,887</u>
Total	<u>\$ 37,251</u>	<u>\$ 31,600</u>

#### DEBT ADMINISTRATION

##### Long-Term Liabilities

As of June 30, 2020, the District had \$39,433,086 in long-term debt. Detailed information about the District's long-term debt is included in the notes to the financial statements.

**Table A-9 Outstanding Long-Term Debt (In Thousands of Dollars)**

	<b>Fiscal Year <u>2020</u></b>	<b>Fiscal Year <u>2019</u></b>
General obligation bonds	\$ 9,745	\$ 10,855
Compensated absences	636	705
Net pension liability	1,805	471
Other postemployment benefits	<u>27,247</u>	<u>25,269</u>
Total	<u>\$ 39,433</u>	<u>\$ 37,300</u>



## **STILLWATER CENTRAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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#### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The 2% tax levy limit will continue to result in limitations on tax revenue that could affect the financial health of the District.
- Health insurance and other post employment costs continue to see increases. Uncertainty related to cost increases continues to provide budgetary challenges.
- There is uncertainty regarding the amount of District contributions to the Employee Retirement System and Teachers Retirement System due to the lack of uncertainty of investment returns.
- Current year and future expected deficits in New York State and Federal government finances that will further impact state revenue could affect the District's financial health through the amount of state funding available for public education.
- While the financial impact of the COVID-19 pandemic is not fully known, it is highly likely to result in increased costs to the District and decreased State Aid in 2020-2021 and beyond.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Scott Messineo, School Business Manager  
Stillwater Central District  
1068 Hudson Avenue  
Stillwater, NY 12170  
Office: (518) 373-6100

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**ASSETS**

Current Assets:	
Cash - Unrestricted	\$ 4,935,187
Cash - Restricted	10,764,561
Temporary Investment in Securities - Unrestricted	73,083
Temporary Investment in Securities - Restricted	4,833,437
Due From Fiduciary Funds	52
State and Federal Aid Receivable	938,773
Inventories	19,491
Prepaid Expenditures	-
Capital Assets, net	37,251,372
Net Pension Asset, Proportionate Share	1,222,453
Total Assets	<u>60,038,409</u>
Deferred Outflows of Resources:	
Loss on Refunding	408,225
Other Post Employment Benefits	1,865,488
Pensions	5,276,470
Total Deferred Outflows of Resources	<u>7,550,183</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 67,588,592</u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable	\$ 1,346,053
Accrued Liabilities	20,696
Due to Other Governments	113
Retainage Payable	239,118
Accrued Interest Payable	14,605
Due to Teachers' Retirement System	805,936
Due to Employees' Retirement System	111,598
Refundable Advances	11,994
Bond Anticipation Notes	17,183,000
Long-Term Liabilities - Due and Payable Within One Year:	
Bonds	1,155,000
Term Liabilities - Due and Payable After One Year:	
Bonds	8,590,000
Unamortized Bond Premium	669,672
Installment Purchase Debt	-
Compensated Absences	635,558
Other Post Employment Benefits Payable	27,247,167
Net Pension Liability, Proportionate Share	1,805,361
Total Liabilities	<u>59,835,871</u>
Deferred Inflows of Resources:	
Other Post Employment Benefits	755,107
Pensions	1,745,898
Total Deferred Inflows of Resources	<u>2,501,005</u>

**NET POSITION**

Net Investment in Capital Assets	20,826,486
Restricted	5,052,533
Unrestricted	(20,627,303)
Total Net Position	<u>5,251,716</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 67,588,592</u>

See accompanying notes to financial statements.

B1.

**STILLWATER CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General Support	\$ 4,872,679	\$ -	\$ -	\$ (4,872,679)
Instruction	19,169,326	11,800	655,648	(18,501,878)
Pupil transportation	1,578,649	-	-	(1,578,649)
Debt service - interest	444,055	-	-	(444,055)
Capital Outlay	-	-	-	-
School lunch program	560,258	152,794	233,531	(173,933)
Total Functions and Programs	\$ 26,624,967	\$ 164,594	\$ 889,179	(25,571,194)
GENERAL REVENUES				
Real property taxes				12,790,118
Investment Earnings				155,113
Sale of property and compensation for loss				156,962
State sources				10,234,441
Federal sources				51,680
Miscellaneous				225,612
Premium on bond anticipation note				88,836
Total General Revenues				23,702,762
Change in Net Position				(1,868,432)
Total Net Position - Beginning of Year				7,120,148
Total Net Position - End of Year				\$ 5,251,716

See accompanying notes to financial statements.

**STILLWATER CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>						
Cash - Unrestricted	\$ 4,830,648	\$ 4	\$ 104,535	\$ -	\$ -	\$ 4,935,187
Cash - Restricted	-	-	-	10,764,561	-	10,764,561
Temporary Investments in Securities - Unrestricted	73,083	-	-	-	-	73,083
Temporary Investments in Securities - Restricted	3,853,208	-	-	-	980,229	4,833,437
State and Federal Receivable, net	481,329	428,086	29,358	-	-	938,773
Due From Other Funds	1,890,267	28,096	-	435,000	119,096	2,472,459
Inventories	-	-	19,491	-	-	19,491
Prepaid Expenditures	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 11,128,535</b>	<b>\$ 456,186</b>	<b>\$ 153,384</b>	<b>\$ 11,199,561</b>	<b>\$ 1,099,325</b>	<b>\$ 24,036,991</b>
<b>Liabilities</b>						
Accounts Payable	\$ 201,194	\$ -	\$ -	\$ 1,144,859	\$ -	\$ 1,346,053
Accrued Liabilities	20,696	-	-	-	-	20,696
Due to Other Funds	463,096	455,286	-	1,554,025	-	2,472,407
Due to Other Governments	-	-	113	-	-	113
Due to Teachers' Retirement System	805,936	-	-	-	-	805,936
Due to Employees' Retirement System	111,598	-	-	-	-	111,598
Refundable Advances	-	900	11,094	-	-	11,994
Bond Anticipation Notes	-	-	-	17,183,000	-	17,183,000
<b>Total Liabilities</b>	<b>1,602,520</b>	<b>456,186</b>	<b>11,207</b>	<b>19,881,884</b>	<b>-</b>	<b>21,951,797</b>
<b>Deferred Inflows of Resources</b>	<b>96,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,366</b>
<b>Total Deferred Inflows of Resources</b>	<b>96,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,366</b>
<b>Fund Equity (Deficiency)</b>						
Fund Equity (Deficiency):						
Non-spendable	-	-	19,491	-	-	19,491
Restricted	3,853,208	-	-	100,000	1,099,325	5,052,533
Committed	-	-	-	-	-	-
Assigned	1,023,254	-	122,686	-	-	1,145,940
Unassigned	4,553,187	-	-	(8,782,323)	-	(4,229,136)
<b>Total Fund Equity (Deficiency)</b>	<b>9,429,649</b>	<b>-</b>	<b>142,177</b>	<b>(8,682,323)</b>	<b>1,099,325</b>	<b>1,988,828</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)</b>	<b>\$ 11,128,535</b>	<b>\$ 456,186</b>	<b>\$ 153,384</b>	<b>\$ 11,199,561</b>	<b>\$ 1,099,325</b>	<b>\$ 24,036,991</b>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ 1,988,828
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	37,251,372
Retainage payable is not due and payable in the current period and, therefore not reported in the funds	(239,118)
Deferral of non exchange revenue earned in the current year is recognized as revenue under full accrual accounting	96,366
Accrued interest expense is reported under the accrual basis	(14,605)
Net Pension Asset	1,222,453
Net Pension Liability	(1,805,361)
Net Deferred outflows related to net pension asset/liability and OPEB adjustments	7,141,958
Net Deferred inflows related to net pension asset/liability and OPEB adjustments	(2,501,005)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Bonds payable, including deferred loss and unamortized premium	(10,006,447)
Other postemployment benefits payable	(27,247,167)
Compensated absences	(635,558)
<b>Net Position of Governmental Activities</b>	<b>\$ 5,251,716</b>

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Real Property Taxes and Tax Items	\$ 12,790,118	\$ -	\$ -	\$ -	\$ -	\$ 12,790,118
Charges for Services	11,800	-	-	-	-	11,800
Use of Money and Property	107,443	-	45	-	47,625	155,113
Sale of property and compensation for loss	156,962	-	-	-	-	156,962
Miscellaneous	225,612	5,049	73	-	-	230,734
State Sources	10,138,075	199,288	7,739	-	-	10,345,102
Federal Sources	51,680	451,311	225,719	-	-	728,710
Sales	-	-	152,794	-	-	152,794
Total Revenues	<u>23,481,690</u>	<u>655,648</u>	<u>386,370</u>	<u>-</u>	<u>47,625</u>	<u>24,571,333</u>
<b>Expenditures</b>						
General Support	3,147,964	-	-	-	-	3,147,964
Instruction	11,231,577	683,244	-	-	-	11,914,821
Pupil Transportation	1,286,195	-	-	-	-	1,286,195
Employee Benefits	5,419,098	-	12,932	-	-	5,432,030
Debt Service	2,058,661	-	-	-	-	2,058,661
Cost of Sales	-	-	333,864	-	-	333,864
Capital Outlay	-	-	28,688	7,470,067	-	7,498,755
Total Expenditures	<u>23,143,495</u>	<u>683,244</u>	<u>375,484</u>	<u>7,470,067</u>	<u>-</u>	<u>31,672,290</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>338,195</u>	<u>(27,596)</u>	<u>10,886</u>	<u>(7,470,067)</u>	<u>47,625</u>	<u>(7,100,957)</u>
<b>Other Sources and (Uses)</b>						
Other Financing Sources - Premiums	-	-	-	-	88,836	88,836
Interfund Transfers, net	147,405	27,596	-	75,598	(250,599)	-
BANs redeemed from appropriations	-	-	-	435,000	-	435,000
Total Other Sources (Uses)	<u>147,405</u>	<u>27,596</u>	<u>-</u>	<u>510,598</u>	<u>(161,763)</u>	<u>523,836</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>485,600</u>	<u>-</u>	<u>10,886</u>	<u>(6,959,469)</u>	<u>(114,138)</u>	<u>(6,577,121)</u>
Fund Equity, Beginning of Year	<u>8,944,049</u>	<u>-</u>	<u>131,291</u>	<u>(1,722,854)</u>	<u>1,213,463</u>	<u>8,565,949</u>
<b>Fund Equity, End of Year</b>	<u>\$ 9,429,649</u>	<u>\$ -</u>	<u>\$ 142,177</u>	<u>\$ (8,682,323)</u>	<u>\$ 1,099,325</u>	<u>\$ 1,988,828</u>

See accompanying notes to financial statements.

B4.

**STILLWATER CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

Net changes in fund balance - total governmental funds		\$ (6,577,121)
Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.		
	Depreciation expense \$ (2,523,400)	
	Capital outlays, net of retainage <u>7,988,722</u>	5,465,322
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2019/20 results in less expense.		
		6,798
Excess cost aid and BOCES aid expected to be received after the availability period are reported as deferred inflows in the governmental funds. However, in the statement of activities these amounts are recognized as revenue when awarded.		
		96,366
Repayments of long-term debt are recorded as expenditures in the governmental funds but are recorded as liabilities in the statement of activities.		
		1,545,000
Bond anticipation notes redeemed from appropriations recorded as revenues in the governmental funds but are recorded as liabilities in the statement of activities.		
		(435,000)
Bond premium is revenue and deferred losses are expenses in the governmental funds but are recorded as liabilities and assets in the statement of activities and subsequently amortized.		
		62,808
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Other Post Employment Benefits \$ (1,009,310)	
	Compensated Absences 69,412	
	Adjustments for net pension liability - ERS (345,024)	
	Adjustments for net pension asset - TRS <u>(747,683)</u>	<u>(2,032,605)</u>
Change in net position - governmental activities		\$ <u><u>(1,868,432)</u></u>

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2020**

	<u>Agency</u>	<u>Private Purpose Trusts</u>
<b>ASSETS</b>		
Cash - unrestricted	\$ 124,335	\$ -
Cash - restricted	70,100	75,600
Due from other funds	-	-
Investments - restricted	<u>-</u>	<u>27,994</u>
Total Assets	<u>\$ 194,435</u>	<u>\$ 103,594</u>
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ 70,100	\$ -
Due to other funds	52	-
Other liabilities	<u>124,283</u>	<u>-</u>
Total Liabilities	<u>\$ 194,435</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Reserved for scholarships		<u>\$ 103,594</u>

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trusts</u>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 2,640
Investment earnings	<u>363</u>
Total Additions	<u>3,003</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>3,388</u>
Change in Net Position	(385)
Net Position - Beginning of year	<u>103,979</u>
Net Position - End of year	<u>\$ 103,594</u>

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Stillwater Central School 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 10 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*. 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 District and its component unit. The District is not a component unit of another reporting entity.

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

**The Extraclassroom Activity Funds**

The extraclassroom activity funds of the District represents 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, located at 1068 Hudson Avenue, Stillwater, New York.

**B. Joint Venture**

The Stillwater Central School District is a component district in the Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.



**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

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

A BOCES' budget is comprised of separate budgets for administrative, programs, 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.

During the year ended June 30, 2020 the Stillwater Central School District was billed \$1,894,600 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$635,568, of this \$55,288 is included in deferred inflows, see Note 2.B.IV. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis of Presentation***

***District-wide Statements***

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

***Fund Financial Statements***

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

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***I. Governmental Funds***

The District reports the following major governmental funds:

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.

Special Aid Fund

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

School Lunch Fund

Used to account for transactions of the District's lunch and breakfast programs.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities and equipment.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

***II. Fiduciary Funds***

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and 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 District, and are not available to be used.

There are two classes of fiduciary funds:

a. Private Purpose Trust Funds

These funds are used 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 and members of the District or representatives of the donors may serve on committees to determine who benefits.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Basis of Presentation**

**II. Fiduciary Funds**

**b. Agency Funds**

These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholdings.

**D. Basis of Accounting/Measurement Focus**

**General Information**

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 or economic resources. 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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post employment benefits, pension, 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. Refundable Advances**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***F. Property Taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 6, 2019. Taxes were collected during the period September 1 through October 31, 2019.

***II. Enforcement***

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

***G. Restricted Resources***

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues:

Insurance Proceeds	<u>\$ 137,319</u>
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**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

- e. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- f. Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

***II. Encumbrances***

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

***III. Budget Basis of Accounting***

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

***I. Cash and Investments***

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 the date of acquisition. The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***J. Accounts Receivable***

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.

***K. Inventories and Prepaid Items***

Inventories of food and supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase.

Prepaid items represent payments made by the 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 has been identified as not available for other subsequent expenditures.

***L. Interfund Transfers***

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 financing 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 2.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

***M. Equity Classifications***

District-wide statements:

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

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

**Net investment in capital assets** - consists of net capital assets (cost less accumulated depreciation) plus deferred loss on bond issuance and unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets and unamortized bond premium.

**Restricted** - reports net position when constraints placed on the assets or deferred outflows 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.

**Unrestricted** - reports the balance of net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund statements:

In the fund basis statements there are five classifications of fund balance:

**Non-spendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$19,491.

**Restricted** - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity. The District has established the following restricted fund balances:

Reserved for Debt

Used to account for unspent proceeds of debt restricted for debt service.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Capital Reserve

According to Education Law §3651, 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 further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Workers' Compensation

The purpose of this reserve fund is to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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 year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal years' budget.

Reserve for Retirement System Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions of both ERS and TRS systems. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. 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. The sub reserves consist of \$2,100,000 for ERS and \$157,580 for TRS.

Unemployment

According to General Municipal Law §6-m, 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 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.



**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Restricted fund equity includes the following:

General Fund:	
Workers' Compensation	\$ 600,000
Unemployment Insurance	25,628
Retirement System Contributions	2,257,580
Employee Benefit Accrued Liability	120,000
Capital Reserve Turf Field	750,000
Capital Reserve	100,000
Capital Fund; Capital Reserve	100,000
Debt Service	<u>1,099,325</u>
	<u>\$ 5,052,533</u>

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

**Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. Fund balance of the School Lunch Fund of \$122,686 is considered assigned. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$48,254. Appropriated fund balance in the General Fund amounted to \$975,000.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances:

General Fund	
General Support	\$ 16,112
Employee Benefits	5,000
Instruction	<u>27,142</u>
	<u>\$ 48,254</u>

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund balances in governmental funds are classified as unassigned. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a 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. The District exceeded the 4% limit at June 30, 2020 by \$3,505,908.

**Net Position/Fund Balance**

**Net Position Flow Assumption:** Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**Fund Balance Flow Assumption:** Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned 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.

**Order of Use of Fund Balance**

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance (to the extent appropriated), 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 either assigned or restricted fund balance. In the General Fund, committed fund balance is determined next then assigned. The remaining amounts are reported as unassigned.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Post employment Benefits***

In addition to providing the retirement benefits described in Note 2.B.I, the District provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post employment benefits is shared between the District and the retired employee. See Note 4.

***O. Capital Assets***

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar 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:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life In Years</u></b>
Land	\$ 5,000	N/A	N/A
Buildings and improvements	20,000	SL	30-50
Furniture and equipment	5,000	SL	5
Buses	10,000	SL	10

***P. Deferred Outflows and Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***P. Deferred Outflows and Inflows of Resources***

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

***Q. Short-term Debt***

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), 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.

***R. Payables, 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 a timely manner and in full from current financial resources. Claims and judgments, other post employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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 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.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

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

- a. Total fund balance of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post employment benefits.

- b. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

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

***Long-Term Revenue and Expense Differences***

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

***Capital Related Differences***

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

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**S. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

***Long-Term Debt Transaction Differences***

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

***Pension Differences***

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

***OPEB Differences***

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

**T. *Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post employment benefits, potential contingent liabilities, net pension asset/liability, deferred outflows/inflows and the lives of long-term assets.

**U. *Vested Benefits***

District employees are granted vacation in varying amounts, based principally on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. Unused sick leave for teachers is converted to a dollar amount and can be applied to their share of the premium of health insurance plan at retirement.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**U. Vested Benefits**

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**V. Implementation of New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standard issued by GASB. There was no impact of implementing these new standards:

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2020.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2020.

GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective for the year ending June 30, 2020.

**W. Future Changes in Accounting Standards**

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interests*, effective for the year ending June 30, 2021.

GASB has issued Statement 91 *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective dates vary based on specific paragraphs of the statement from the year ending June 30, 2021, 2022 and 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***W. Future Changes in Accounting Standards***

GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable.

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

***I. Cash and Investments***

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020, all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, overall the objective of which is to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investment will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of the New York State and its localities



**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued or fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and the United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement:

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Investments

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$4,906,520 in these investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative as of year-end, based on un-audited numbers, are \$3,364,095,147, which consists of \$887,784,709 in collateralized bank deposits, \$215,974,908 in repurchase agreements, \$195,117,519 in FDIC insured bank deposits and \$2,065,318,211 in U.S. Treasury Securities.

The District's investments in the Fiduciary Fund are valued based on Level 1 of the hierarchy. Common stocks are valued at the net assets value (NAV) of shares held at year end. The NAV is the closing price reported on the open market on which securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

<b>Investments in Securities at Value</b>	<b>Level 1</b>	<b>Valuation Inputs Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stock - Fiduciary Fund	\$ 27,994	\$ -	\$ -	\$ 27,994
General Fund	-	3,926,291	-	3,926,291
Debt Service Fund	-	980,229	-	980,229
Total	<u>\$ 27,994</u>	<u>\$ 4,906,520</u>	<u>\$ -</u>	<u>\$ 4,934,514</u>

The above amounts represent the fair value of the stocks and investment pool shares the District invested in. For the year ended June 30, 2020, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Investments

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

Restricted Cash and Investments

General Fund

Restricted investments of \$3,853,208 at June 30, 2020 consists of \$600,000 restricted for Workers' Compensation Reserve, \$25,628 restricted for Unemployment Reserve, \$120,000 restricted for Employee Benefit Accrued Liability Reserve, \$2,257,580 restricted for Retirement System Contribution Reserve, \$100,000 restricted for Capital Reserve, \$750,000 restricted for the Capital Reserve: Turf Field.

Capital Projects Fund

Restricted cash of \$10,764,561 at June 30, 2020 restricted for voter approved projects.

Debt Service Fund

Restricted investments of \$980,229 is restricted for future debt service payments.

Fiduciary Funds

Restricted cash of \$145,700 at June 30, 2020 consist of \$70,100 restricted for Extraclassroom Activity Funds, and \$75,600 restricted for Scholarships. Restricted investments of \$27,994 is restricted for scholarships.

**II. Interfund Receivables and Payables**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**II. Interfund Receivables and Payables**

Interfund receivable and payable balances at June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,890,267	\$ 463,096	\$ 275,000	\$ 127,595
Special Aid Fund	28,096	455,286	27,596	-
School Lunch	-	-	-	-
Debt Service Fund	119,096	-	24,402	275,001
Capital Projects Funds	<u>435,000</u>	<u>1,554,025</u>	<u>100,000</u>	<u>24,402</u>
Total Government Activities	2,472,459	2,472,407	426,998	426,998
 Fiduciary Fund	 <u>-</u>	 <u>52</u>	 <u>-</u>	 <u>-</u>
Total	<u>\$ 2,472,459</u>	<u>\$ 2,472,459</u>	<u>\$ 426,998</u>	<u>\$ 426,998</u>

**III. Capital Assets**

Capital asset balances for the year ended June 30, are as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 56,924	\$ -	\$ -	\$ 56,924
Construction in process	2,397,647	7,767,437	-	10,165,084
Total nondepreciable historical cost	<u>2,454,571</u>	<u>7,767,437</u>	<u>-</u>	<u>10,222,008</u>
 Capital assets that are depreciated:				
Buildings and improvements	51,462,817	-	-	51,462,817
Machinery and equipment	9,289,250	407,184	291,592	9,404,842
Total depreciable historical cost	<u>60,752,067</u>	<u>407,184</u>	<u>291,592</u>	<u>60,867,659</u>
 Less accumulated depreciation:				
Buildings and improvements	26,204,394	1,859,205	-	28,063,599
Machinery and equipment	5,402,093	664,195	291,592	5,774,696
Total accumulated depreciation	<u>31,606,487</u>	<u>2,523,400</u>	<u>291,592</u>	<u>33,838,295</u>
 Total Capital Assets, Net	 <u>\$ 31,600,151</u>	 <u>\$ 5,651,221</u>	 <u>\$ -</u>	 <u>\$ 37,251,372</u>

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**III. Capital Assets**

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

General Fund	\$ 469,644
Instruction	1,847,601
Pupil Transportation	152,155
School Lunch Program	54,000
Total	<u>\$ 2,523,400</u>

**B. Liabilities**

**I. Pension Plans**

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions

*Teachers' Retirement System*

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

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Employees' Retirement System*

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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 System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12208 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

*Contributions*

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u><b>ERS</b></u>	<u><b>TRS</b></u>
2019-20	\$ 346,759	\$ 752,845
2018-19	398,462	827,989
2017-18	396,865	798,264

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

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

Pension Liabilities

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u><b>ERS</b></u>	<u><b>TRS</b></u>
Actuarial valuation date	April 1, 2019	June 30, 2018
Net pension asset/(liability)	\$(1,805,361)	\$1,222,453
District's portion of the Plan's total net pension asset/(liability)	.0068177%	.047054%

*Pension Expense (Credit)*

For the year ended June 30, 2020, the District recognized its proportionate share of pension expense of \$612,887 for ERS and \$1,510,404 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>		<u><b>Deferred Inflows of Resources</b></u>	
	<u><b>ERS</b></u>	<u><b>TRS</b></u>	<u><b>ERS</b></u>	<u><b>TRS</b></u>
Differences between expected and actual experiences	\$ 106,253	\$ 828,425	\$ -	\$ 90,904
Changes of assumptions	36,351	2,309,378	31,389	563,092
Net difference between projected and actual earnings on pension plan investments	925,516	-	-	980,344
Changes in proportion and differences between contributions and proportionate share of contributions	196,263	11,102	33,907	46,262
Contributions subsequent to the measurement date	111,598	751,584	-	-
Total	<u>\$ 1,375,981</u>	<u>\$ 3,900,489</u>	<u>\$ 65,296</u>	<u>\$ 1,680,602</u>

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Pension Liabilities

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2021 for ERS and June 30, 2020 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2020	\$ -	\$ 541,488
2021	232,522	23,525
2022	311,191	539,483
2023	368,847	361,647
2024	286,527	41,143
Thereafter	-	(33,934)

*Actuarial Assumptions*

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest Rate	6.8%	7.10%
Salary Scale	4.2%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.20%
Cost of Living Adjustments	1.3% annually	1.3% annually

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.



**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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.

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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<b><u>ERS</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return*</u></b>
	<b><u>2020</u></b>	<b><u>2020</u></b>
Asset Class:		
Domestic equity	36%	4.05%
International equity	14	6.15
Private equity	10	6.75
Real estate	10	4.95
Absolute return strategies (1)	2	3.25
Opportunistic portfolio	3	4.65
Real assets	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation-Indexed bonds	<u>4</u>	0.50
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2020.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equity	33%	6.3%
International equity	16	7.8
Global equity	4	7.2
Real estate equity	11	4.6
Private equity	8	9.9
Domestic fixed income	16	1.3
Global bonds	2	0.9
High-yield bonds	1	3.6
Private debt	1	6.5
Real estate debt	7	2.9
Cash equivalents	<u>1</u>	0.3
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.2% for 2019.

*Discount Rate*

The discount rate used to calculate the total pension asset/(liability) was 6.8% for ERS and 7.10% 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 the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

*Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption*

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2019 calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.8% for ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

<b>ERS</b>	<b>1% Decrease (5.8%)</b>	<b>Current Assumption (6.8%)</b>	<b>1% Increase (7.8%)</b>
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (3,313,347)</u>	<u>\$ (1,805,361)</u>	<u>\$ (416,499)</u>
<b>TRS</b>	<b>1% Decrease (6.10%)</b>	<b>Current Assumption (7.10%)</b>	<b>1% Increase (8.10%)</b>
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (5,518,027)</u>	<u>\$ 1,222,453</u>	<u>\$ 6,876,956</u>

*Changes of Assumptions*

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

*Collective Pension Expense*

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$691,814 for ERS and \$1,500,206 for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$111,598.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$805,936.

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Other Benefits

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

***II. Indebtedness***

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Transactions in short-term debt are summarized below:

	<b><u>Beginning Balance</u></b>	<b><u>Issued</u></b>	<b><u>Redeemed</u></b>	<b><u>Ending Balance</u></b>
BAN Maturing 6/26/20 at 2.00%	\$ 6,100,000	\$ -	\$ 6,100,000	\$ -
BAN Maturing 6/25/21 at 1.50%	<u>-</u>	<u>17,183,000</u>	<u>-</u>	<u>17,183,000</u>
	<u>\$ 6,100,000</u>	<u>\$17,183,000</u>	<u>\$ 6,100,000</u>	<u>\$17,183,000</u>

Interest paid on short-term debt amounted to \$121,661. No amounts were accrued due to the date the BAN was issued.

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest paid	\$ 392,000
Less interest accrued in the prior year	(21,403)
Plus interest accrued in the current year	14,605
Less amortization of deferred expense and bond premium	<u>(62,808)</u>
Total Expense	<u>\$ 322,394</u>

**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Long-term obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing sources. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District has authorized but unissued debt in the amount of \$5,435,000.

Changes

The changes in long-term liability and activity for the year ended June 30, 2020 are summarized as follows:

	<b><u>Balance</u></b> <b><u>July 1,</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30,</u></b>
Serial Bonds	\$ 10,855,000	\$ -	\$ 1,110,000	\$ 9,745,000
Plus - Unamortized Bond Premium	830,548	-	160,876	669,672
Less - Unamortized Losses on Refunding *	(506,293)	98,068	-	(408,225)
Compensated Absences	704,970	-	69,412	635,558
Other Postemployment Benefits (see Note 4)	<u>25,268,808</u>	<u>2,716,378</u>	<u>738,019</u>	<u>27,247,167</u>
Total	<u>\$ 37,153,033</u>	<u>\$ 2,814,446</u>	<u>\$ 2,078,307</u>	<u>\$ 37,889,172</u>

Additions and deletions to compensated absences is shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the General Fund.

\* This item is recorded as a deferred outflow on the statement of net position.

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
<u>Serial Bonds</u>				
Capital Projects Bonds Series				
2010	2010	2030	2.25-3.75%	\$ 3,280,000
2016 Advance Refunding	2016	2030	0.70-4.00%	<u>6,465,000</u>
Total Serial Bonds				<u>\$ 9,745,000</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2021	\$ 1,155,000	\$ 350,500	\$ 142,768	\$ 1,648,268
2022	1,195,000	307,300	123,887	1,626,187
2023	1,240,000	262,500	104,122	1,606,622
2024	1,295,000	215,950	83,474	1,594,424
2025-2029	4,005,000	549,363	204,820	4,759,183
Thereafter	<u>855,000</u>	<u>28,463</u>	<u>10,601</u>	<u>894,064</u>
Total	<u>\$ 9,745,000</u>	<u>\$ 1,714,076</u>	<u>\$ 669,672</u>	<u>\$ 12,128,748</u>

**III. Constitutional Debt Limit**

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2020, the District has exhausted 34.45% of its constitutional debt limit.

**IV. Deferred Inflows of Resources**

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period and is contingent on future outcomes not expected to occur within the availability period.

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**3. COMMITMENTS AND CONTINGENCIES**

**A. Risk Financing and Related Insurance**

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

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the 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.

The District does not purchase insurance for the risk of losses for unemployment claims. Instead, the District manages its risks for these losses internally and accounts for them in the District's general fund, including provisions for unexpected and unusual claims.

The activity for the unemployment insurance reserve for the year ended June 30, 2020 is as follows:

	<u><b>Beginning Balance</b></u>	<u><b>Changes in Estimates</b></u>	<u><b>Payments Made</b></u>	<u><b>Ending Balance</b></u>
Unemployment Insurance Reserve	\$ 25,628	\$ -	\$ -	\$ 25,628

The District participates in a risk sharing pool. The Southern Adirondack Public Schools Workers' compensation Plan, to insure workers' compensation claims. This public entity risk pool was created under Article 5. Workers' Compensation Law, to finance liability and related workers' compensation claims. Workers' Compensation benefits are provided by the plan and administration under contract with the plan's consultant.

**B. Other Items**

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

The District has various commitments with contractors for the completion of capital projects.

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education. In August 2020, the Governor signed legislation that provides financial flexibility to school districts as a result of the pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Plan Description*

The District administers a defined benefit OPEB plan that provides OPEB benefits to employees of the District governed by contractual agreements. The plan is a single-employer defined benefit plan (the Plan). Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

*Funding Policy*

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have -0- to 5 years of service, depending on their tier, to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2020 approximately \$760,000 was paid on behalf of 185 retirees.

*Benefits Provided*

The District provides for continuation of medical benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms* - At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	185
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>149</u>
Total Plan Members	<u>334</u>

*Net OPEB Liability*

The District's total OPEB liability was measured as of July 1, 2019; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.



**STILLWATER CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

Inflation	2.60% (Based on CPI-2016 OASDI Trustee Report)
Discount Rate	3.51%
Healthcare cost trend rates	8.0% for 2020 decreasing 0.5% per year to an ultimate rate of 5.0% by 2026.

Mortality rates were based on RP-2017 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that active employees will maintain their current marital status. Each eligible employee will retire with the maximum number of sick days allowed and use them as contributions to their retiree premium. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rate are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

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

*Changes in the Net OPEB Liability*

Changes in the District's net OPEB liability were as follows:

	<b>Total OPEB Liability [a]</b>	<b>Plan Fiduciary Net Position [b]</b>	<b>Net OPEB Liability [a] - [b]</b>
<b>Balances at June 30, 2018</b>	<u>\$25,268,808</u>	<u>\$ -</u>	<u>\$25,268,808</u>
Changes for the year:			
Service cost	848,864	-	848,864
Interest	980,048	-	980,048
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	887,466	-	887,466
Benefit payments	(738,019)	-	(738,019)
Administrative expense	-	-	-
Net changes	<u>1,978,359</u>	<u>-</u>	<u>1,978,359</u>
<b>Balances, June 30, 2019</b>	<u>\$27,247,167</u>	<u>\$ -</u>	<u>\$ 27,247,167</u>

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Changes in the Net OPEB Liability*

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 3.87% in 2018 to a 3.51% in 2019.

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

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	<b>1% Decrease (2.51%)</b>	<b>Discount Rate (3.51%)</b>	<b>1% Increase (4.51%)</b>
Total OPEB Liability	<u>\$ 29,502,869</u>	<u>\$27,247,167</u>	<u>\$24,588,979</u>

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

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decrease to 6.60%) than the current healthcare cost trend rate:

	<b>1% Decrease (7.00% Decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rate (8.00% Decreasing to 5.00%)</b>	<b>1% Increase (9.00% Decreasing to 6.00%)</b>
Total OPEB Liability	<u>\$ 24,607,866</u>	<u>\$27,247,167</u>	<u>\$29,456,441</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,769,469. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,105,329	\$ -
Amounts recognized in OPEB expense	-	-
Changes of assumptions	-	755,107
Contributions subsequent to the measurement period	<u>760,159</u>	<u>-</u>
Total	<u>\$ 1,865,488</u>	<u>\$ 755,107</u>

**STILLWATER CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. POST EMPLOYMENT BENEFITS OBLIGATION PAYABLE**

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

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

<b>Year Ending June 30,</b>	
2021	\$ (59,443)
2022	(59,443)
2023	(59,443)
2024	(59,443)
2025	238,527
Thereafter	349,467

**5. DEFICIT FUND BALANCE**

The Capital Projects fund had a fund deficit of \$8,547,651. This deficit is caused by pre-referendum costs for a capital project not yet bonded. When the project is financed with bonds, this deficit will be removed.

**6. TAX ABATEMENTS**

The School District has one real property tax agreement that is entered into by the Saratoga County Industrial Development Agency. This agreement provides a payment in lieu of taxes (PILOT) in accordance with the IDA's Tax Exemption Policy using a negotiated tax rate agreed upon by Town of Malta, Ballston Spa Central School District, Town of Stillwater, and Stillwater Central School District. As a result of the negotiated rate there is no tax abatement of real property taxes. The payments under this PILOT agreement amount to approximately 15% of total combined property tax and PILOT revenue of the District.

**7. LEASE OBLIGATIONS**

The District leases certain equipment (computers and related equipment) under the terms of non-cancelable leases.

Minimum annual rentals for each of the remaining years of the lease are the following for the fiscal years ended June 30:

2021	\$ 27,207
2022	28,287

**8. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 16, 2020, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2020, have been incorporated into these financial statement.

**STILLWATER CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 12,956,212	\$ 12,956,212	\$ 12,790,118	\$ (166,094)
Charges for Services	7,500	7,500	11,800	4,300
Use of Money and Property	150,000	150,000	107,443	(42,557)
Sale of Property and Compensation for Loss	-	137,319	156,962	19,643
Miscellaneous	140,000	140,000	225,612	85,612
Total Local Sources	13,253,712	13,391,031	13,291,935	(99,096)
State Sources	10,482,125	10,482,125	10,138,075	(344,050)
Federal Sources	52,500	52,500	51,680	(820)
<b>Other Sources</b>				
Interfund Transfers	275,000	275,000	275,000	-
Total Revenue and Other Sources	24,063,337	24,200,656	<u>\$ 23,756,690</u>	<u>\$ (443,966)</u>
<b>Appropriated Fund Balance</b>				
Prior year's Encumbrances	62,729	62,729		
Appropriated Reserves	300,000	300,000		
Appropriated Fund Equity	950,000	950,000		
Total Appropriated Fund Balance	1,312,729	1,312,729		
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 25,376,066</u>	<u>\$ 25,513,385</u>		

**STILLWATER CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
<b>Expenditures</b>					
General Support					
Board of Education	\$ 18,478	\$ 36,568	\$ 32,594	\$ -	\$ 3,974
Central Administration	241,900	240,844	231,371	-	9,473
Finance	431,670	448,559	409,373	-	39,186
Staff	156,575	161,575	117,562	-	44,013
Central Services	1,623,681	2,184,752	2,073,998	16,110	94,644
Special Items	306,854	305,560	283,066	2	22,492
Total General Support	<u>2,779,158</u>	<u>3,377,858</u>	<u>3,147,964</u>	<u>16,112</u>	<u>213,782</u>
Instruction					
Instruction, Administration & Improvement	892,756	896,151	856,942	30	39,179
Teaching - Regular School	6,522,075	6,473,587	5,974,788	12,981	485,818
Programs for Students with Disabilities	2,792,241	2,788,735	2,171,163	6,875	610,697
Occupational Education	385,000	424,000	423,255	-	745
Teaching - Special Schools	49,133	49,399	25,433	-	23,966
Instructional Media	740,173	747,186	686,161	5,971	55,054
Pupil Services	<u>1,120,465</u>	<u>1,165,400</u>	<u>1,093,835</u>	<u>1,285</u>	<u>70,280</u>
Total Instruction	<u>12,501,843</u>	<u>12,544,458</u>	<u>11,231,577</u>	<u>27,142</u>	<u>1,285,739</u>
Pupil Transportation	1,602,685	1,597,183	1,286,195	-	310,988
Employee Benefits	6,058,750	5,737,875	5,419,098	5,000	313,777
Debt Service Principal	1,110,000	1,110,000	1,545,000	-	(435,000)
Debt Service Interest	<u>1,183,630</u>	<u>1,006,011</u>	<u>513,661</u>	<u>-</u>	<u>492,350</u>
Total other	<u>9,955,065</u>	<u>9,451,069</u>	<u>8,763,954</u>	<u>5,000</u>	<u>682,115</u>
Total Expenditures	25,236,066	25,373,385	23,143,495	48,254	2,181,636
<b>Other Uses</b>					
Interfund Transfer	<u>140,000</u>	<u>140,000</u>	<u>127,595</u>	<u>-</u>	<u>12,405</u>
Total Expenditures and Other Uses	<u>\$ 25,376,066</u>	<u>\$ 25,513,385</u>	<u>23,271,090</u>	<u>\$ 48,254</u>	<u>\$ 2,194,041</u>
<b>Net Change in Fund Balance</b>			\$ 485,600		
Fund balance - beginning			<u>8,944,049</u>		
Fund balance - ending			<u>\$ 9,429,649</u>		

**STILLWATER CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY  
JUNE 30, 2020**

	Fiscal Year Ending * <u>2020</u>	Fiscal Year Ending * <u>2019</u>	Fiscal Year Ending * <u>2018</u>
<b>Total OPEB Liability</b>			
Measurement date	7/1/2019	7/1/2018	7/1/2017
Service cost	\$ 848,864	\$ 424,326	\$ 1,667,359
Interest	980,048	712,484	712,483
Changes in benefit terms	-	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-	1,473,771	-
Changes in assumptions and other inputs	887,466	(453,016)	(2,085,788)
Benefit payments	(738,019)	(716,523)	(628,529)
Net Change in Total OPEB Liability	1,978,359	1,441,042	(334,475)
Total OPEB Liability - beginning	25,268,808	23,827,766	24,162,241
Total OPEB Liability - ending	<u>\$ 27,247,167</u>	<u>\$ 25,268,808</u>	<u>\$ 23,827,766</u>
Covered-employee payroll	\$ 10,674,941	\$ 10,433,542	\$ 10,876,036
Total OPEB Liability as a percentage of covered-employee payroll	255.24%	242.19%	219.09%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented were determined as of the measurement date.

**STILLWATER CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30, 2020**

ERS Pension Plan						
Last 10 Fiscal Years						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0068%	0.0067%	0.0075%	0.0069%	0.0075%	0.0074%
Proportionate share of the net pension liability (asset)	\$ 1,805,361	\$ 471,179	\$ 241,675	\$ 651,630	\$ 1,201,371	\$ 250,771
Covered-employee payroll	\$ 2,472,315	\$ 2,355,731	\$ 2,380,671	\$ 2,465,538	\$ 2,521,225	\$ 2,198,100
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	73%	20%	10%	26%	48%	11%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
TRS Pension Plan						
Last 10 Fiscal Years						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0471%	0.0472%	0.0468%	0.0436%	0.0455%	0.0461%
Proportionate share of the net pension liability (asset)	\$(1,222,453)	\$(853,398)	\$(355,956)	\$ 466,568	\$(4,728,908)	\$(5,129,690)
Covered-employee payroll	\$ 8,482,887	\$ 8,173,837	\$ 7,991,024	\$ 7,747,381	\$ 7,546,569	\$ 7,179,985
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-14%	-10%	-4%	6%	-63%	-71%
Plan fiduciary net position as a percentage of the total pension asset	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**STILLWATER CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2020**

ERS Pension Plan  
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 343,665	\$ 392,290	\$ 382,775	\$ 350,216	\$ 402,547	\$ 449,935
Contributions in relation to the contractually required contribution	<u>(343,665)</u>	<u>(392,290)</u>	<u>(382,775)</u>	<u>(350,216)</u>	<u>(402,547)</u>	<u>(449,935)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,472,315	\$ 2,355,731	\$ 2,380,671	\$ 2,465,538	\$ 2,521,225	\$ 2,198,100
Contributions as a percentage of covered-employee payroll	13.90%	16.65%	16.08%	14.20%	15.97%	20.47%

TRS Pension Plan  
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 834,094	\$ 753,367	\$ 869,747	\$ 891,345	\$ 1,198,863	\$ 1,198,863
Contributions in relation to the contractually required contribution	<u>(834,094)</u>	<u>(753,367)</u>	<u>(869,747)</u>	<u>(891,345)</u>	<u>(1,198,863)</u>	<u>(1,198,863)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,482,887	\$ 8,173,837	\$ 7,991,024	\$ 7,747,381	\$ 7,546,569	\$ 7,179,985
Contributions as a percentage of covered-employee payroll	9.83%	9.22%	10.88%	11.51%	15.89%	16.70%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.



**STILLWATER CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND  
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2020**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 25,313,337
Add: Prior year's encumbrances	<u>62,729</u>
Original Budget	25,376,066
Adjustments:	
Revision to Appropriated Fund Balance	<u>137,319</u>
Final Budget	<u><u>\$ 25,513,385</u></u>

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

2020-21 [subsequent year's] voter-approved expenditure budget	\$ 26,181,978
Maximum allowed (4% of 2020-21 [subsequent year's] budget)	1,047,279
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	

Unrestricted Fund Balance:

Committed Fund Balance	\$ -
Assigned Fund Balance	1,023,254
Unassigned Fund Balance	<u>4,553,187</u>
Total Unrestricted Fund Balance	<u>5,576,441</u>

Less:

Appropriated Fund Balance	975,000
Encumbrances included in Committed and Assigned Fund Balance	<u>48,254</u>
Total Adjustments	<u>1,023,254</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,553,187</u></u>
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Actual percentage	17.39%
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- \* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

STILLWATER CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2020

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Buses - 2014	\$ 245,000	\$ 245,000	\$ 227,464	\$ -	\$ 227,464	\$ 17,536	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 72,536
HS Science/Biology - 14-15	200,000	200,000	200,000	-	200,000	-	227,465	-	-	227,465	27,465
Buses - 2015	-	1,400,000	1,037,411	-	1,037,411	362,589	-	-	1,040,000	1,040,000	2,589
Buses - 2016	-	-	-	-	-	-	-	-	585,000	585,000	585,000
Architects 15-16	12,753	12,753	10,455	-	10,455	2,298	-	-	10,455	10,455	-
Architects 14-15	10,100	12,281	10,425	-	10,425	1,856	-	-	13,478	13,478	3,053
Architects 16-17	-	15,000	18,685	-	18,685	(3,685)	-	-	-	-	(18,685)
Architects 17-18	-	6,525	10,575	-	10,575	(4,050)	-	-	-	-	(10,575)
Construction 15-16	87,237	87,237	111,867	-	111,867	(24,630)	-	-	89,045	89,045	(22,822)
Construction 14-15	89,900	87,719	81,853	-	81,853	5,866	-	-	101,622	101,622	19,769
Construction 16-17	-	85,000	66,203	-	66,203	18,797	-	-	-	-	(66,203)
Construction 17-18	100,000	100,000	78,975	-	78,975	21,025	-	-	100,000	100,000	21,025
Smart Schools Bond Act	252,508	252,508	692,520	-	692,520	(440,012)	-	688,920	-	688,920	(3,600)
BIG 18 19 Architects	-	137,674	1,018,219	-	1,018,219	(880,545)	-	-	-	-	(1,018,219)
BIG 18 19 Engineering	-	176,215	51,772	-	51,772	124,443	-	-	-	-	(51,772)
BIG 18 19 Financial	-	-	23,542	-	23,542	(23,542)	-	-	-	-	(23,542)
Capital Project Outlay 18-19	100,000	100,000	100,000	-	100,000	-	-	-	100,000	100,000	-
Capital Project Phase I 18-19	5,848,181	6,292,048	1,263,275	-	1,263,275	5,028,773	24,402	-	-	24,402	(1,238,873)
Capital Project Outlay 19-20	89,500	89,500	-	83,585	83,585	5,915	-	-	100,000	100,000	16,415
Capital Project Phase II 19-20	15,010,500	20,488,371	-	7,410,884	7,410,884	13,077,487	435,000	-	-	435,000	(6,975,884)
Totals	<u>\$ 22,045,679</u>	<u>\$ 29,787,831</u>	<u>\$ 5,003,241</u>	<u>\$ 7,494,469</u>	<u>\$ 12,497,710</u>	<u>\$ 17,290,121</u>	<u>\$ 686,867</u>	<u>\$ 688,920</u>	<u>\$ 2,439,600</u>	<u>\$ 3,815,387</u>	<u>\$ (8,682,323)</u>

**STILLWATER CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2020**

<b>Capital Assets, Net</b>		\$ 37,251,372
<b>Add:</b>		
Capital projects fund - cash	\$ 10,764,561	
Deferred loss on bond issuance	<u>408,225</u>	11,172,786
<b>Deduct:</b>		
Serial bonds payable	9,745,000	
Unamortized bond premium	669,672	
Bond anticipation notes payable	<u>17,183,000</u>	<u>(27,597,672)</u>
<b>Net Investment in Capital Assets</b>		<b>\$ <u>20,826,486</u></b>

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

To the President and Members  
of the Board of Education of  
Stillwater Central School District

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 and each major fund of the Stillwater Central School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below as item 2020-001 that we consider to be a material weakness.

2020-001      Adjusting entries

*Statement of Condition:* There were some adjusting entries needed to fix various items in the general, capital projects, and debt service funds relating to reserves, fund balance, accounts payable, expenditures, and accounts receivable.

*Criteria:* Expenditures and accounts payable must be recorded in the period in which they are incurred. Expenditure accounts should not be debited/credited when adjusting reserve balances. Accounts receivable should only be recorded for revenue amounts earned during the year.

*Cause:* Some of the invoices that were not recorded as accounts payable were received in late July after some of the funds had been closed. Opening fund balance was not in agreement with last year's audited financial statements due to not closing out nVision trial balances as well as making entries directly to the reserve accounts. In the capital projects fund, a receivable was recorded for Smart Schools funds that were not yet spent during the year and therefore unearned. The debt service fund required multiple entries to properly account for revenue and ending reserve balances.

*Effect of Condition:* Capital projects funds accounts payable and expenditures were understated by \$1,135,779. Capital projects funds accounts receivable and expenditures were overstated by \$103,000. Capital projects funds opening fund balance was not in agreement to last year's ending balance by \$842,578. General fund accounts payable and expenditures were understated by \$149,647, while encumbrances were overstated by \$149,647. General fund opening fund balance was not in agreement with 6/30/19's ending balance by \$45,136, with \$22,568 of that being in accrued that needed to be reversed in the current. Debt service fund opening fund balance was not in agreement with 6/30/19's ending by \$275,000. The reserve for debt and revenue were also understated by \$113,238, along with overstating fund balance and accrued interest payable by that same amount.

*Recommendation:* It is recommended that invoices received after year-end are reviewed carefully to identify which year the expenditures should be recorded in, opening fund balances are checked for agreement with audited financial numbers before the trial balances are finalized, reserve accounts should not be adjusted to directly, and overall trial balances should be reviewed in detail before being provided for the audit.

*Views of responsible officials and planned corrective actions:* The Business office will be sure that all expenditures and accounts payable are recorded in the period in which they are incurred. Internal controls and processes will be established to ensure invoices received after the end of the fiscal year are recorded as accounts payable and that all expenditures and accounts payable are recorded in the appropriate fiscal year.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* as item 2020-002 and which is described below.

2020-002      Compliance with New York State Real Property Tax Law.

*Statement of Condition:* The unassigned fund balance of the general fund exceeds 4% of the 20/21 general fund budget by \$3,505,908.

*Criteria:* NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

*Cause:* The cumulative effect of expenditures being significantly under budget in the current and prior years.

*Effect of Condition:* The District was not in compliance with Real Property Tax Law.

*Recommendation:* The District should develop a plan regarding how to address and use the excess in future years.

*Views of responsible officials and planned corrective actions:* The District will continue to update its reserve plan to address the unassigned fund balance exceeding 4% of the 2020-21 general fund budget. This plan will continue to include assessing reserves that the District currently has and determining if additional funds can be allocated to those reserves and/or establishing additional reserves that would be useful to the District and can be funded using the excess unassigned fund balance. The District will also work to update its multi-year financial plan.

### **District's Response to the Findings**

The District's response to the findings identified in our audit are described above. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Marvin and Company, P.C.*

Latham, NY  
October 16, 2020