

**STILLWATER CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2024**

STILLWATER CENTRAL SCHOOL DISTRICT

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STILLWATER CENTRAL SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

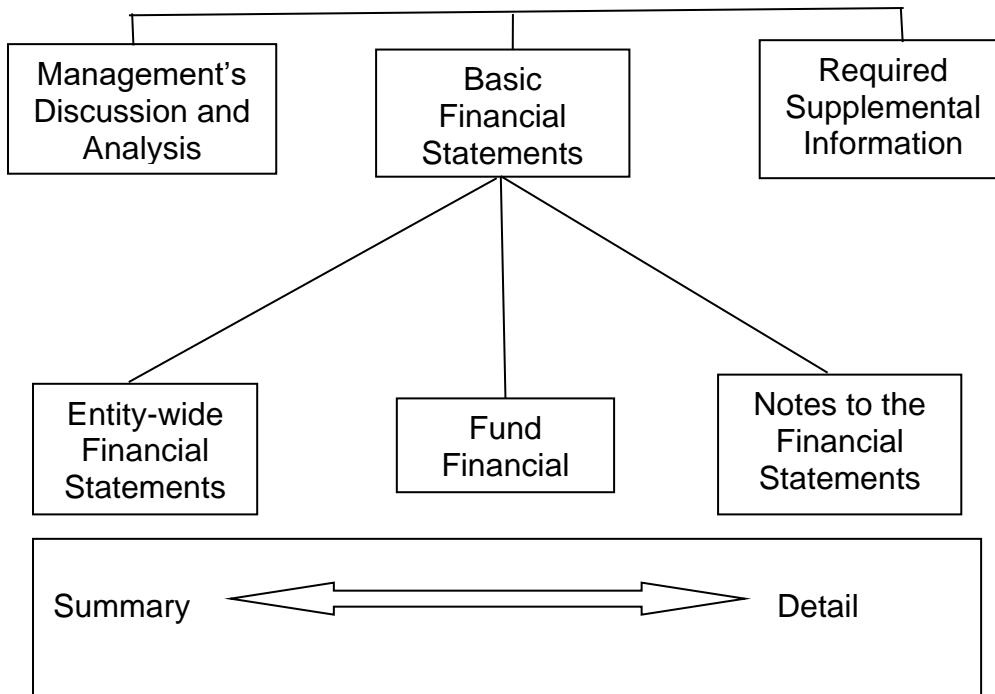


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

STILLWATER CENTRAL SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund equity 	<ul style="list-style-type: none"> • Statement of net position • Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset 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, 2024

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, special revenue 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, 2024**

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. The District has no funds reported as fiduciary.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s net position as of June 30, 2024, are as detailed in Tables A-3.

Table A-3 Condensed Statement of Net position

	Governmental Activities		Total Variance
	<u>2024</u>	<u>2023</u>	
<u>ASSETS:</u>			
Current and Other Assets	\$ 11,817,971	\$ 12,270,514	\$ (452,543)
Noncurrent Assets	36,964,901	38,475,993	(1,511,092)
Total Assets	\$ 48,782,872	\$ 50,746,507	\$ (1,963,635)
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 11,592,032	\$ 14,043,542	\$ (2,451,510)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 56,867,077	\$ 59,906,521	\$ (3,039,444)
Other Liabilities	2,552,770	1,722,303	830,467
Total Liabilities	\$ 59,419,847	\$ 61,628,824	\$ (2,208,977)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 3,036,080	\$ 2,566,413	\$ 469,667
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 19,734,706	\$ 18,883,115	\$ 851,591
Restricted	3,622,015	3,603,676	18,339
Unrestricted	(25,437,744)	(21,891,979)	(3,545,765)
Total Net Position	\$ (2,081,023)	\$ 594,812	\$ (2,675,835)

During 2024, the District’s assets and deferred outflows decreased by approximately \$4.4 million (See Table A-3) which can be attributed primarily to the deferred outflows and annual depreciation of the capital assets.

STILLWATER CENTRAL SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the District’s governmental activities totaled \$29,421,203 while total expenses were \$32,097,038. Accordingly, net position decreased by \$2,675,835.

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)

	Total Cost of Services <u>2024</u>		Net Cost of Services <u>2024</u>		Total Cost of Services <u>2023</u>		Net Cost of Services <u>2023</u>
General support	\$ 3,138	\$	3,138	\$	3,299	\$	3,299
Instruction	14,279		12,802		13,785		12,335
Employee benefits	8,910		8,910		7,823		7,823
Pupil transportation	1,297		1,297		1,223		1,223
Debt service - Interest	332		332		402		402
Capital Outlay	23		23		130		130
Depreciation - unallocated	3,358		3,358		3,599		3,599
Amortization - unallocated	118		118		116		116
Cost of sales - Food	641		(192)		513		(83)
	<u> </u>		<u> </u>		<u> </u>		<u> </u>
Total	\$ <u>32,096</u>	\$	<u>29,786</u>	\$	<u>30,890</u>	\$	<u>28,844</u>

- The cost of all governmental activities for the year was \$32,097,038.
- The users of the District’s programs financed \$201,808 of the costs.
- The federal and state government financed \$2,108,572 of the costs.
- Most of the District’s net costs of \$29,786,658 were financed by taxpayers and state and federal aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT’S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations 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, 2024**

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 2024:

General Fund: Expenditures exceeded revenues by \$110,324 in the 2023-2024 year.

Special Aid Fund: By the purpose of the fund, special aid does not generate a fund balance. Revenue received is expended. Approximately \$1,418,000 was received for state and federal grants in this fund.

School Lunch Fund: The school lunch fund ended 2023-2024 fiscal year with an excess of \$122,660.

Special Revenue Fund: This fund ended 2023-2024 fiscal year with an excess of \$1,887. This fund is used to account for scholarships.

Capital Projects Fund: \$1,325,343 was expended for capital projects for the year ended June 30, 2024. The capital projects fund ended 2023-2024 fiscal year with a fund deficit of \$452,285. The District initiated several projects that are being accounted for in the fund.

Debt Service Fund: The debt service fund ended the year with a \$324,102 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, 2024**

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	\$ 14,517	\$ 14,517	\$ 14,769	\$ -	\$ 252
State sources	12,729	12,729	12,317	-	(412)
Federal sources	53	53	61	-	8
Transfers in	290	290	-	-	(290)
Total	<u>27,589</u>	<u>27,589</u>	<u>27,147</u>	<u>-</u>	<u>(442)</u>
Expenditures					
General support	3,265	3,368	3,124	19	225
Instruction	14,811	14,860	13,051	8	1,801
Transportation	1,914	1,919	1,668	-	251
Employee benefits	6,659	6,503	6,317	-	186
Debt service	3,354	3,354	3,074	-	280
Transfers out	140	140	23	-	117
Total	<u>30,143</u>	<u>30,144</u>	<u>27,257</u>	<u>27</u>	<u>2,860</u>
Revenue over (under) expenditures	\$ <u>(2,554)</u>	\$ <u>(2,555)</u>	\$ <u>(110)</u>	\$ <u>(27)</u>	\$ <u>(3,302)</u>

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

The District's 2023-2024 actual revenue was less than its budgeted revenue by approximately \$442,000 due to favorable variances in interest and earnings and local sources, and unfavorable variances in state aid and transfers in.

STILLWATER CENTRAL SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

<u>Type</u>	<u>2024</u>	<u>2023</u>
Serial Bonds and Premium	\$ 17,689	\$ 20,471
Retainage Payable	60	-
OPEB	36,385	35,834
Net Pension Liability	1,794	2,742
Compensated Absences	938	860
Total Long-Term Obligations	\$ 56,866	\$ 59,907

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.

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, 2024

ASSETS

Cash and cash equivalents	\$ 6,022,581
Restricted cash and cash equivalents	532,503
Investments	361,580
Restricted investments	3,447,771
Accounts receivable	1,439,227
Inventories	14,309
Capital assets, net	36,798,886
Lease assets, net	166,015
TOTAL ASSETS	<u>\$ 48,782,872</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>\$ 11,592,032</u>
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LIABILITIES

Accounts payable	\$ 832,322
Accrued liabilities	39,182
Refundable advances	59,204
Due to other governments	202,763
Due to teachers' retirement system	1,072,446
Due to employees' retirement system	106,842
Other liabilities	240,011
Long-Term Obligations:	
Due in one year	2,011,610
Due in more than one year	54,855,467
TOTAL LIABILITIES	<u>\$ 59,419,847</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>\$ 3,036,080</u>
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NET POSITION

Net investment in capital and lease assets	\$ 19,734,706
Restricted	3,622,015
Unrestricted	(25,437,744)
TOTAL NET POSITION	<u>\$ (2,081,023)</u>

STILLWATER CENTRAL SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 3,138,385	\$ -	\$ -	\$ -	\$ (3,138,385)
Instruction	14,279,171	59,672	1,417,665	-	(12,801,834)
Pupil transportation	1,296,636	-	-	-	(1,296,636)
Employee benefits	8,868,817	-	-	-	(8,868,817)
Capital outlay	23,222	-	-	-	(23,222)
School lunch	682,337	142,136	690,907	-	150,706
Depreciation - unallocated	3,358,454	-	-	-	(3,358,454)
Amortization - unallocated	118,282	-	-	-	(118,282)
Interest	331,734	-	-	-	(331,734)
Total Functions/Programs	\$ 32,097,038	\$ 201,808	\$ 2,108,572	\$ -	\$ (29,786,658)

General Revenues:

Property taxes and tax items	\$ 13,949,004
State and federal aid	12,377,767
Investment earnings	501,479
Compensation for loss	27,250
Miscellaneous	255,323
Total General Revenues	\$ 27,110,823
Changes in Net Position	\$ (2,675,835)
Net Position, Beginning of Year	594,812
Net Position, End of Year	\$ (2,081,023)

STILLWATER CENTRAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 5,444,291	\$ 104,131	\$ 474,159	\$ -	\$ -	\$ -	\$ 6,022,581
Restricted cash and cash equivalents	71,386	-	-	73,292	-	387,825	532,503
Investments	361,580	-	-	-	-	-	361,580
Restricted investments	3,103,208	-	-	21,413	323,150	-	3,447,771
Receivables	797,592	568,228	49,427	-	-	23,980	1,439,227
Inventories	-	-	14,309	-	-	-	14,309
Due from other funds	690,929	17,954	-	-	952	-	709,835
Prepaid items	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 10,468,986	\$ 690,313	\$ 537,895	\$ 94,705	\$ 324,102	\$ 411,805	\$ 12,527,806
LIABILITIES AND FUND EQUITY (DEFICIENCY)							
Liabilities -							
Accounts payable	\$ 173,902	\$ -	\$ -	\$ -	\$ -	\$ 658,409	\$ 832,311
Accrued liabilities	18,590	-	-	-	-	-	18,590
Due to other funds	17,954	690,312	-	-	-	1,569	709,835
Due to other governments	-	-	244	-	-	202,519	202,763
Due to TRS	1,072,446	-	-	-	-	-	1,072,446
Due to ERS	106,842	-	-	-	-	-	106,842
Other liabilities	240,011	-	-	-	-	-	240,011
Refundable advances	-	-	57,611	-	-	1,593	59,204
TOTAL LIABILITIES	\$ 1,629,745	\$ 690,312	\$ 57,855	\$ -	\$ -	\$ 864,090	\$ 3,242,002
Fund Equity (Deficiency) -							
Nonspendable	\$ -	\$ -	\$ 14,309	\$ -	\$ -	\$ -	\$ 14,309
Restricted	3,103,208	-	-	94,705	324,102	100,000	3,622,015
Assigned	2,176,959	-	465,731	-	-	-	2,642,690
Unassigned	3,559,074	1	-	-	-	(552,285)	3,006,790
TOTAL FUND EQUITY (DEFICIENCY)	\$ 8,839,241	\$ 1	\$ 480,040	\$ 94,705	\$ 324,102	\$ (452,285)	\$ 9,285,804
TOTAL LIABILITIES							
FUND EQUITY (DEFICIENCY)	\$ 10,468,986	\$ 690,313	\$ 537,895	\$ 94,705	\$ 324,102	\$ 411,805	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,964,901
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(20,603)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(16,935,000)
Unamortized bond premium	(753,974)
Retainage payable	(60,364)
OPEB	(36,384,891)
Compensated absences	(938,717)
Deferred outflow - refunding	131,318
Deferred outflow - pension	5,045,084
Deferred outflow - OPEB	6,415,630
Net pension liability	(1,794,131)
Deferred inflow - pension	(1,098,257)
Deferred inflow - OPEB	(1,937,823)
Net Position of Governmental Activities	\$ (2,081,023)

STILLWATER CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Equity
Governmental Funds
For The Year Ended June 30, 2024

	General	Special	School	Special	Debt	Capital	Total
	Fund	Aid	Lunch	Revenue	Service	Projects	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Funds
REVENUES							
Real property taxes and tax items	\$ 13,949,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,949,004
Charges for services	59,672	-	-	-	-	-	59,672
Use of money and property	484,881	-	124	2,025	16,452	-	503,482
Sale of property and compensation for loss	27,250	-	-	-	-	-	27,250
Miscellaneous	248,328	-	916	4,076	-	-	253,320
State sources	12,317,100	268,745	279,595	-	-	-	12,865,440
Federal sources	60,667	1,148,920	411,312	-	-	-	1,620,899
Sales	-	-	142,136	-	-	-	142,136
TOTAL REVENUES	\$ 27,146,902	\$ 1,417,665	\$ 834,083	\$ 6,101	\$ 16,452	\$ -	\$ 29,421,203
EXPENDITURES							
General support	\$ 3,124,326	\$ 74,841	\$ -	\$ -	\$ -	\$ -	\$ 3,199,167
Instruction	13,050,810	1,325,166	-	-	-	-	14,375,976
Pupil transportation	1,667,887	41,010	-	-	-	-	1,708,897
Employee benefits	6,316,650	-	41,362	-	-	-	6,358,012
Debt service - principal	2,580,000	-	-	-	-	-	2,580,000
Debt service - interest	494,200	-	-	-	-	-	494,200
Cost of sales	-	-	670,061	-	-	-	670,061
Other expenses	-	-	-	4,214	-	-	4,214
Capital outlay	-	-	-	-	-	1,325,343	1,325,343
TOTAL EXPENDITURES	\$ 27,233,873	\$ 1,441,017	\$ 711,423	\$ 4,214	\$ -	\$ 1,325,343	\$ 30,715,870
EXCESS (DEFICIENCY) OF REVENUES							
OVER EXPENDITURES	\$ (86,971)	\$ (23,352)	\$ 122,660	\$ 1,887	\$ 16,452	\$ (1,325,343)	\$ (1,294,667)
OTHER FINANCING SOURCES (USES)							
Transfers - in	\$ -	\$ 23,353	\$ -	\$ -	\$ -	\$ -	\$ 23,353
Transfers - out	(23,353)	-	-	-	-	-	(23,353)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (23,353)	\$ 23,353	\$ -	\$ -	\$ -	\$ -	\$ -
NET CHANGE IN FUND EQUITY	\$ (110,324)	\$ 1	\$ 122,660	\$ 1,887	\$ 16,452	\$ (1,325,343)	\$ (1,294,667)
FUND EQUITY, BEGINNING							
OF YEAR	8,949,565	-	357,380	92,818	307,650	873,058	10,580,471
FUND EQUITY, END OF YEAR	\$ 8,839,241	\$ 1	\$ 480,040	\$ 94,705	\$ 324,102	\$ (452,285)	\$ 9,285,804

See accompanying notes to financial statements.

STILLWATER CENTRAL SCHOOL DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Equity of the Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2024

NET CHANGE IN FUND EQUITY -
TOTAL GOVERNMENTAL FUNDS \$ (1,294,667)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 1,864,615	
Lease Additions, Net	101,029	
Depreciation and Amortization	<u>(3,476,736)</u>	(1,511,092)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 2,580,000	
		2,580,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 11,668

The Retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds (60,364)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (1,578,825)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(684,695)
Employees' Retirement System		(210,098)

Portion of deferred (inflow) / outflow recognized in long term debt 150,798

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>(78,560)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (2,675,835)**

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

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 9 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. 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:

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. However, due to administrative involvement defined in Footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund. 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,

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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.

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, 2024 the District was billed \$2,575,436 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$917,013. 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
FOR THE YEAR END JUNE 30, 2024**

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.

Special Revenue Fund

Used to account for revenues legally restricted to expenditures for specified purposes such as scholarships.

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.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District wide financial statements because their resources do not belong to the 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 under which principal and income benefits individuals, private organizations or other governments. 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.

b. Custodial Funds

These funds are strictly custodial in nature and do not involve the measurement of results of operations.

There are no activities that meet the criteria to be reported as fiduciary funds.

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,

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

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

Refundable advances arise 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.

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 8, 2023. Taxes were collected during the period September 1 through October 31, 2023.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. There were no supplemental appropriations for June 30, 2024.
- 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 equity 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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

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.

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 inventoriable 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 equity in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.III. 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:

Net investment in capital and lease assets - consists of net capital assets (cost less accumulated depreciation), lease assets (less accumulated amortization) 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, unamortized bond premium, retainage payable and lease liabilities.

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 equity:

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

District-wide statements:

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 equity includes the following:

	Total
Inventory in School Lunch	\$ 14,309
Total Nonspendable Fund Equity	<u>\$ 14,309</u>

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 equity:

Reserved for Debt

This reserve was established according to General Municipal Law §6-1, and for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from unexpended bond proceeds.

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.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

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. The Board may also 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.

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.

Special Revenue

Restricted for scholarships for students that meet donor specified criteria.

Restricted fund equity includes the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 600,000
Unemployment Costs	25,628
Retirement Contribution - ERS	2,100,000
Retirement Contribution - TRS	157,580
Capital Reserves	100,000
Employee Benefit Accrued Liability	120,000
<u>Capital Fund -</u>	
Building Renovations	100,000
<u>Special Revenue Fund -</u>	
Scholarships	94,705
<u>Debt Service Fund -</u>	
Debt Service	324,102
Total Restricted Fund Equity	<u><u>\$ 3,622,015</u></u>

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

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 equity as of June 30, 2024.

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 equity represents the residual amount of fund equity. Assigned fund equity 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. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund.

Assigned fund equity includes the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 26,959
General Fund - Appropriated for Taxes	2,150,000
School Lunch Fund - Year End Equity	<u>465,731</u>
Total Assigned Fund Equity	<u>\$ 2,642,690</u>

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. Open encumbrances are reported as restricted fund equity in all funds other than the General Fund since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Purpose of Encumbrances:

<u>General Fund -</u>	
General Support	\$ 18,960
Instruction	<u>7,999</u>
Total General Fund Encumbrances	<u>\$ 26,959</u>

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

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 equity in governmental funds is classified as unassigned. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity 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 equity 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, 2024 by \$2,327,763.

Net Position/Fund Equity

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 Equity 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 equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund equity 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 Equity

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity (to the extent appropriated), committed fund equity, assigned fund equity and unassigned fund equity at the end of the fiscal year. For all funds, nonspendable fund equity is determined first and then restricted fund equity for specific purposes is determined. Any remaining fund equity amounts for funds other than the General Fund are classified as either assigned or restricted fund equity. In the General Fund, committed fund equity is determined next then assigned. The remaining amounts are reported as unassigned.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Capital and Lease Assets

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:

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

Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is 3 years based on the contract terms and/or estimated replacement of the assets.

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 and pension reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes in assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Deferred Outflows and Inflows of Resources

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 proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to the OPEB and pension reporting 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 fund's 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.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of 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 and Lease 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 and lease items in the governmental fund statements and an asset on the Statement of Net Position and depreciation and amortization expense on those items as recorded in the Statement of Activities.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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, 2024, the District implemented the following new standard issued by GASB which had no significant impact on the District.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

V. Implementation of New Accounting Standards

GASB has issued Statement No. 100 - *Accounting Changes and Error Corrections an amendment of GASB No. 62*, effective for the year ending June 30, 2024.

W. Future Changes in Accounting Standards

GASB has issued Statement No. 101 – *Compensated Absences*, effective for the year ending June 30, 2025.

GASB has issued Statement No. 102 – *Certain Risk Disclosures*, effective for the year ending June 30, 2025.

GASB has issued Statement No. 103 – *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

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, 2024 all deposits were fully insured and collateralized by the District's agent in the District's name.

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		6,226,226
Collateralized within Trust Department or Agent		-
Total	\$	<u>6,226,226</u>

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 School Business Manager of the District.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

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

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 organization

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:

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

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 liability.
- 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.

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. All District investments are valued on Level 2 of the hierarchy.

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, 2024, the District held \$3,787,938 in these investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the NYCLASS cooperative as of year-end, based on un-audited numbers, are \$11,737,682,390 which consists of \$1,537,636,393 in collateralized bank deposits, \$1,927,327,448 in repurchase agreements, \$230,058,575 in FDIC insured bank deposits and \$8,042,659,974 in U.S. Government Treasury Securities.

The District's investments in the Special Revenue 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 instructions could result in a different fair value measurement at the reporting date.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

<u>Investments in Securities at Value</u>	<u>Level 1</u>	<u>Valuation Inputs Level 2</u>	<u>Level 3</u>	<u>Total</u>
Special Revenue Fund	\$ 21,413	\$ -	\$ -	\$ 21,413
General Fund	-	3,464,788	-	3,464,788
Debt Service Fund	-	323,150	-	323,150
Total	<u>\$ 21,413</u>	<u>\$ 3,787,938</u>	<u>\$ -</u>	<u>\$ 3,809,351</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, 2024, 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.

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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Restricted Cash and Investments

Restricted cash consists of the following:

	Total
General Fund -	
Unemployment Costs	\$ 25,628
Worker's Compensation	600,000
Retirement Contribution-ERS	2,100,000
Retirement Contribution-TRS	157,580
Extraclassroom Activity Funds	71,386
Capital Reserve	100,000
Employee Benefit Accrued Liability	120,000
Special Revenue Fund -	
Scholarships	94,705
Debt Service Fund -	
Debt	323,150
Capital Projects Fund -	
Voter Approved Projects	387,825
Total	\$ 3,980,274

II. Receivables

Receivable balances for the year ended June 30, 2024 are as follows:

<u>Description</u>	Governmental Activities				<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 8,923	\$ -	\$ -	\$ -	\$ 8,923
Due From State and Federal	376,111	568,228	23,980	49,427	1,017,746
Due From Other Governments	412,558	-	-	-	412,558
Total Receivables	\$ 797,592	\$ 568,228	\$ 23,980	\$ 49,427	\$ 1,439,227

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

III. 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.

Interfund receivable and payable balances at June 30, 2024 are as follows:

	Interfund			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 690,929	\$ 17,954	\$ -	\$ 23,353
Special Aid Fund	17,954	690,312	23,353	-
School Lunch Fund	-	-	-	-
Debt Service Fund	952	-	-	-
Capital Projects Fund	-	1,569	-	-
Total	<u>\$ 709,835</u>	<u>\$ 709,835</u>	<u>\$ 23,353</u>	<u>\$ 23,353</u>

The General Fund transferred \$23,353 to the Special Aid Fund for the District's share of the special education summer school program its students attended.

IV. Capital Assets

Capital asset balances for the year ended June 30, 2024, are as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 56,924	\$ -	\$ -	\$ 56,924
Work in progress	13,752	1,319,899	-	1,333,651
Total Nondepreciable	<u>\$ 70,676</u>	<u>\$ 1,319,899</u>	<u>\$ -</u>	<u>\$ 1,390,575</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 71,472,484	\$ 65,808	\$ -	\$ 71,538,292
Machinery and equipment	9,935,464	478,908	309,739	10,104,633
Total Depreciated Assets	<u>\$ 81,407,948</u>	<u>\$ 544,716</u>	<u>\$ 309,739</u>	<u>\$ 81,642,925</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 36,520,960	\$ 2,858,246	\$ -	\$ 39,379,206
Machinery and equipment	6,664,939	500,208	309,739	6,855,408
Total Accumulated Depreciation	<u>\$ 43,185,899</u>	<u>\$ 3,358,454</u>	<u>\$ 309,739</u>	<u>\$ 46,234,614</u>
Total Capital Assets Depreciated, Net of Accumulated Depreciation	<u>\$ 38,222,049</u>	<u>\$(2,813,738)</u>	<u>\$ -</u>	<u>\$ 35,408,311</u>
Total Capital Assets	<u>\$ 38,292,725</u>	<u>\$(1,493,839)</u>	<u>\$ -</u>	<u>\$ 36,798,886</u>

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

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

Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Employees' Retirement System

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 293,620	\$ 985,096
2023	339,439	988,046
2022	399,197	890,367

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

Pension Liabilities

At June 30, 2024, 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, 2024 for ERS and June 30, 2023 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.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension assets/(liability)	\$ (1,197,554)	\$ (596,577)
District's portion of the Plan's total net pension asset/(liability)	0.008%	0.052%

Pension Expense (Credit)

For the year ended June 30, 2024, the District recognized its proportionate share of pension expense of \$516,064 for ERS and \$1,695,174 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 385,731	\$ 1,446,541	\$ 32,654	\$ 3,575
Changes of assumptions	452,768	1,284,413	-	279,931
Net difference between projected and actual earnings on pension plan investments	-	304,958	584,999	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	96,959	3,067	4,874	192,224
Subtotal	\$ 935,458	\$ 3,038,979	\$ 622,527	\$ 475,730
District's contributions subsequent to the measurement date	106,842	963,805	-	-
Grand Total	\$ 1,042,300	\$ 4,002,784	\$ 622,527	\$ 475,730

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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:

<u>Long Term Expected Rate of Return</u>		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset Type -</u>		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	0.00%	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Opportunistic/ARS portfolios	5.25%	0.00%
Real assets	5.79%	0.00%
Cash	0.25%	0.30%
Fixed income	1.50%	0.00%
Private debt	0.00%	6.00%
Real estate debt	0.00%	3.20%
High-yield fixed income securities	0.00%	4.40%
Domestic fixed income securities	0.00%	2.20%
Global fixed income securities	0.00%	1.60%
Credit	5.40%	0.00%

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(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) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District’s proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

<u>ERS</u>	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (3,765,233)	\$ (1,197,554)	\$ 946,990

<u>TRS</u>	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (9,086,174)	\$ (596,577)	\$ 6,543,541

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 for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Collective Pension Expense

Collective pension expenses include 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, 2024 is \$583,021 for ERS and \$1,648,181 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 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$106,842.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 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, 2024 amounted to \$1,072,446.

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. There was no short-term debt at June 30, 2024.

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

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	\$	494,200
Less: Interest Accrued in the Prior Year		(32,260)
Plus: Interest Accrued in the Current Year		20,592
Plus: Amortization of issuance costs for advanced refunding		50,885
Less: Amortization of deferred expense and bond premium		<u>(201,683)</u>
Total Long-Term Interest Expense	\$	<u>331,734</u>

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 report 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 \$4,893,400 in authorized but unissued debt.

Changes

The changes in long-term liability and activity for the year ended June 30, 2024 are summarized as follows:

	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 19,515,000	\$ -	\$ 2,580,000	\$ 16,935,000	\$ 1,845,000
Plus Unamortized Bond Premiums	955,657	-	201,683	753,974	166,610
Less - Unamortized Loss on Refunding*	(182,203)	-	(50,885)	(131,318)	-
Total Bonds and Notes Payable	<u>\$ 20,288,454</u>	<u>\$ -</u>	<u>\$ 2,730,798</u>	<u>\$ 17,557,656</u>	<u>\$ 2,011,610</u>
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 2,741,546	\$ -	\$ 947,415	\$ 1,794,131	\$ -
OPEB	35,834,161	1,510,352	959,622	36,384,891	-
Retainage Payable	-	60,364	-	60,364	-
Compensated Absences	860,157	78,560	-	938,717	-
Total Other Liabilities	<u>\$ 39,435,864</u>	<u>\$ 1,649,276</u>	<u>\$ 1,907,037</u>	<u>\$ 39,178,103</u>	<u>\$ -</u>
Total Long-Term Obligations	<u>\$ 59,724,318</u>	<u>\$ 1,649,276</u>	<u>\$ 4,637,835</u>	<u>\$ 56,735,759</u>	<u>\$ 2,011,610</u>

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Long-Term Obligations

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.

Maturity

The following is a summary of maturity of indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2024</u>
2020 Advance Refunding	\$ 2,945,000	2020	2030	2.00-4.00%	\$ 1,845,000
2016 Advance Refunding	7,295,000	2016	2030	0.70-4.00%	2,800,000
Project 2020 Serial Bonds	16,493,000	2020	2040	2.00-3.00%	12,290,000
Total Serial Bonds					<u><u>\$ 16,935,000</u></u>

Maturity

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

<u>Year</u>	<u>Serial Bonds Principal</u>	<u>Serial Bonds Interest</u>	<u>Premium</u>
2025	\$ 1,845,000	\$ 417,500	\$ 166,610
2026	1,750,000	364,500	142,735
2027	1,765,000	315,300	120,840
2028	1,775,000	265,200	98,256
2029	1,800,000	218,850	75,036
2030-2034	5,915,000	544,600	131,591
2035-2039	1,960,000	85,100	18,359
2040	125,000	2,500	547
Total	<u><u>\$ 16,935,000</u></u>	<u><u>\$ 2,213,550</u></u>	<u><u>\$ 753,974</u></u>

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Prior Year Defeasance

On July 13, 2016 and September 1, 2020, the District defeased serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, \$3,080,000 of the bonds outstanding for the July 13, 2016 issue and \$2,060,000 for the September 1, 2020 issue are considered defeased.

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, 2024, the District has exhausted 18.34% 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.

V. Deferred Outflows and Inflows of Resources

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 5,045,084	\$ 1,098,257
Bonds	131,318	-
OPEB	6,415,630	1,937,823
Total	<u>\$ 11,592,032</u>	<u>\$ 3,036,080</u>

**STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2024**

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, 2024 is as follows:

	<u>Beginning</u>	<u>Changes in</u>	<u>Payments</u>	<u>Ending</u>
	<u>Balance</u>	<u>Estimates</u>	<u>Made</u>	<u>Balance</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.

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.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-004, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 4, 2024

Supplementary Information
STILLWATER CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0823	\$ -	\$ 326,260
COVID-19 ARP- Special Education - Grants to States	84.027X	5532-22-0823	-	45,984
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0823	-	16,926
<i>Total Special Education Cluster IDEA</i>			\$ -	\$ 389,170
<u>Education Stabilization Fund -</u>				
CRRSA - ESSER 2 COVID-19	84.425D	5891-21-2720	\$ -	\$ 2,148
ARP - ESSER 3 COVID-19	84.425U	5880-21-2720	-	81,361
ARP - SLR Summer Enrichment COVID-19	84.425U	5882-21-2720	-	36,067
ARP - SLR Comprehensive After School COVID-19	84.425U	5883-21-2720	-	37,776
ARP - SLR Learning Loss COVID-19	84.425U	5884-21-2720	-	389,723
ARP - ESSER Full Day UPK Expansion COVID-19	84.425U	5870-24-9277	-	34,800
<i>Total Education Stabilization fund</i>			\$ -	\$ 581,875
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-24-2720	\$ -	\$ 23,890
Title IV - Student Support and Enrichment Program	84.424	0204-24-2720	-	10,000
Title I - Grants to Local Educational Agencies	84.010	0021-24-2720	-	143,985
Total U.S. Department of Education			\$ -	\$ 1,148,920
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	Not Applicable	\$ -	\$ 233,497
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	Not Applicable	-	30,596
National School Lunch Program Supply Chain - COVID 19	10.555	Not Applicable	-	53,454
National School Breakfast Program	10.553	Not Applicable	-	93,765
<i>Total Child Nutrition Cluster</i>			\$ -	\$ 411,312
Total U.S. Department of Agriculture			\$ -	\$ 411,312
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,560,232

See accompanying notes to schedule of expenditures of federal awards.

STILLWATER CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by Stillwater Central School District (the District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Stillwater Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$30,596.

5. INDIRECT COST RATE

The Stillwater Central School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

**STILLWATER CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

___yes X no

X yes ___none reported

Noncompliance material to financial statements noted?

X yes ___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

___yes X no

X yes ___none reported

Type of auditor's report issued on compliance for major programs

Unmodified

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

X yes ___no

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027X, 84.173	Special Education Cluster IDEA
10.553, 10.555	Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

___yes X no

**STILLWATER CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiency

2024-001 Audit Adjustments

Statement of Condition: Various adjusting journal entries were proposed as a result of audit procedures to properly reflect year end balances in the school lunch, special aid, and capital projects funds.

Criteria: To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

Cause: In the school lunch fund, the adjusting journal entry identified was caused by the March school lunch claims being paid in two deposits due to the submittal process, and the District believing the second payment was an overpayment that had to be paid back to the State. This resulted in an adjustment to reduce the amount due to the State and increased school lunch revenues. The adjusting journal entries identified in the special aid fund appeared to be caused by the federal aid receivables and deferred revenue not being tried up at year-end, which caused an adjustment to be needed reducing both deferred revenue and accounts receivable and increasing due from general fund. In the capital projects fund, an entry was needed to record accounts payable and expenditures for project expenditures incurred during the year but billed after year-end.

Effect of Condition: In the school lunch fund, due to the State was overstated by \$14,037 and the breakfast revenue was understated by that amount. In the special aid fund, deferred revenue was overstated by \$6,895, due from general was understated by \$17,954 and accounts receivable were overstated by \$24,849. In the capital projects fund, accounts payable and expenditures were understated by \$615,216.

Context: The adjustments were identified as part of our auditing procedures.

Recommendation: As it relates to preventing future audit adjustments, general ledger accounts should be reconciled by management throughout the year or at a minimum at the end of the year to ensure the balances accurately reflect the activity that occurred. Management should also monitor invoices received after year-end to ensure that amounts expended for current year expenditures are properly recorded in the current year.

Views of responsible officials and planned corrective actions: The Business Manager will work with the Treasurer to ensure general ledger accounts are reconciled throughout the year. These processes will minimize the need for future audit adjustments.

**STILLWATER CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2024-002 Compliance with New York State Real Property Tax Law

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 24/25 general fund budget by \$2,327,763.

Criteria: NYS Real Property Tax Law (RPTL) 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 RPTL.

Context: As part of audit procedures compliance with RPTL is reviewed.

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 2024-25 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. The District will also work to update its multi-year financial plan in 2024-2025.

2024-003 Compliance with Net Cash Reserves and Excess Fund Balance for Child Nutrition

Statement of Condition: The fund balance of the school lunch fund exceeds 3 months of the average expenditures of the fund by approximately \$213,000.

Criteria: According to the code of federal regulations section CFR § 210.14 (b) the school food authority shall limit its net cash resources to no more than 3 months' worth of average expenditures.

**STILLWATER CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2024-003 Compliance with Net Cash Reserves and Excess Fund Balance for Child Nutrition

Cause: The cumulative effect of expenditures being less than revenue for a number of years as well as funding agencies increased reimbursement rates and opening eligibility for free meals to all students for 2021/2022 school year, along with the District becoming part of the Community Eligibility Program for the 2023/2024 school year.

Effect of Condition: The District was not in compliance with federal guidelines.

Context: As part of audit procedures compliance with this federal guideline is reviewed.

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 review the school lunch fund balance and develop a plan to ensure that there are appropriate levels of fund balance maintained.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

Significant Deficiencies

2024-004 Child Nutrition Cluster – Procurement

Information on Federal Program: U.S. Department of Agriculture Child Nutrition Cluster (National School Breakfast Program, School Lunch Program, School Lunch Program Supply Chain- COVID 19 Assistance Listing numbers 10.553 and 10.555) passed through the New York State Education Department.

Criteria: CFR Section 200.318 stipulates that a non-Federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in Part 200 Subpart D. Additionally, 2 CFR Section 200.213 stipulates that no awards, subawards, or contracts be awarded to parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Statement of Condition: During our discussions with management and testing of various vendors, we noted that the District is not following its procurement procedures for the Child Nutrition program purchases and is not verifying the eligibility of vendors to participate in Federal assistance programs on an annual basis.

**STILLWATER CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

Significant Deficiencies

2024-004 Child Nutrition Cluster – Procurement

Statement of Cause: The District did not review compliance requirements related to procurement outlined in 2 CFR Section 200.318 and Section 200.213.

Statement of Effect: The District is not in compliance with 2 CFR Section 200.213. The District is not performed required procedures, as a result, vendors that are not eligible for participation in Federal assistance programs or activities could be selected or the District could be overpaying for goods and services.

Questioned Costs: None

Perspective Information: As part of required procurement testing, a review of vendors charged to the school lunch fund and therefore represented purchases with federal dollars was performed. Of the District's vendors charged to the fund, none were suspended or debarred from participation in Federal assistance programs or activities.

Repeat Finding: No

Recommendation: We recommend that the District review the requirements of 2 CFR Section 200.213 and ensure that their procurement procedures are being followed and that a review of the eligibility of potential vendors to participate in Federal assistance programs or activities is performed prior to disbursing funds to the vendor.

Views of the Responsible Officials and Planned Corrective Actions: The District will review the requirements of 2 CFR Section 200.213 and ensure that the procurement procedures are being followed and perform a review of the eligibility of potential vendors to participate in Federal assistance programs or activities prior to disbursing funds to the vendor. This was identified as part of the Administrative Review conducted in November 2023 by the NYS Education Department (Child Nutrition Program). The District has already started the process of working on corrective action.

**STILLWATER CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Finding 2023-001 Audit Adjustments in Federal Fund and Capital Projects Fund

Condition: Various adjusting journal entries were proposed as a result of audit procedures to properly reflect year end balances in the special aid and capital projects fund.

Current Status

Comment was repeated as item 2024-001.

Finding 2023-002 Compliance with New York State Real Property Tax Law

Condition: The unassigned fund balance of the general fund exceeds 4% of the 23/24 general fund budget by \$2,091,162.

Current Status

Comment was repeated as item 2024-002.

Finding 2023-003 Compliance with Net Cash Reserves and Excess Fund Balance for Child Nutrition

Condition: The fund balance of the school lunch fund exceeds 3 months of the average expenditures of the fund by approximately \$158,000.

Current Status

Comment was repeated as item 2024-003.