

Putnam Valley Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2020

Putnam Valley Central School District, New York

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Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4B in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated September 23, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 17, 2020

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam Valley Central School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 17, 2020

Putnam Valley Central School District, New York

Management's Discussion and Analysis (MD&A)
June 30, 2020

Introduction

Our discussion and analysis of the Putnam Valley Central School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. It should be read along with the basic financial statements, which immediately follows this section, to enhance the understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4.0% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,736,866. This amount represents 3.34%.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$11,931,414, a decrease of \$2,602,112 from the prior year. The decrease represents the Capital Facilities project expended during 2018-19 and 19-20 from the Capital Projects Fund. Exclusive of the Capital Projects Fund amount of (\$2,532,409), the combined ending fund balances are \$14,463,823. Of this amount, the unassigned fund balance is \$1,736,866. This amount is available for spending at the discretion of the School District.
- On the district-wide financial statements, the liabilities and deferred inflows of resource exceeded the assets and deferred outflows of resources of the School District at the close of its most recent fiscal year by \$33,738,091. The School District's total net position decreased by \$6,080,841 for the year ended June 30, 2020.
- At June 30, 2020, the School District reported in its Statement of Net Position a liability of \$4,003,623 for its proportionate share of the New York State and Local Employees' Retirement System ("ERS") net pension liability, while also reporting a pension asset of \$3,101,500 for its proportionate share of the New York State Teachers' Retirement System ("TRS") net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3E in the notes to financial statements.

Overview of the Financial Statements

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

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
- The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.
- The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid, Debt Service and Capital Projects funds, since the School District has elected to report them as major funds.
- The School District adopts an annual budget for its General Fund and Special Aid Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.
- The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

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

Notes to Financial Statements

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

Other Information

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

District-Wide Financial Analysis

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

In the case of the Putnam Valley Central School District, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$33,738,091 at the close of the current fiscal year.

Net Position

	June 30,	
	2020	2019
Current Assets	\$ 21,131,115	\$ 19,366,854
Net Pension Asset	3,101,500	2,190,356
Capital Assets, net	38,923,350	35,773,852
Total Assets	63,155,965	57,331,062
Deferred Outflows of Resources		
Deferred amounts on pensions	23,098,822	19,888,406
Deferred amounts on refunding	213,835	265,286
	23,312,657	20,153,692
Current Liabilities	9,330,731	4,536,169
Non-Current Liabilities	106,099,405	96,839,404
Total Liabilities	115,430,136	101,375,573
Deferred Inflows of Resources		
Deferred amounts on pensions	4,776,577	3,766,431
Net Position		
Net investment in capital assets	20,511,407	21,801,179
Restricted for		
Future capital projects	1,002,487	1,000,986
Repairs	30,691	30,645
Special purpose	114,313	107,144
Property loss and liability	377,794	127,604
Tax certiorari	550,938	740,223
Debt service	3,535,883	4,004,668
Retirement contributions	2,826,577	2,724,711
Unrestricted	(62,688,181)	(58,194,410)
Total Net Position	\$ (33,738,091)	\$ (27,657,250)

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

As of June 30, 2020, the School District reported a net pension, asset/liability and deferred inflows/outflows of resources as calculated by the New York State Teachers' and Local Employees' Retirement systems. This asset and the net deferrals are not in custody of, nor are they accessible by the School District; rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3E of the financial statements for more information on these pension items.

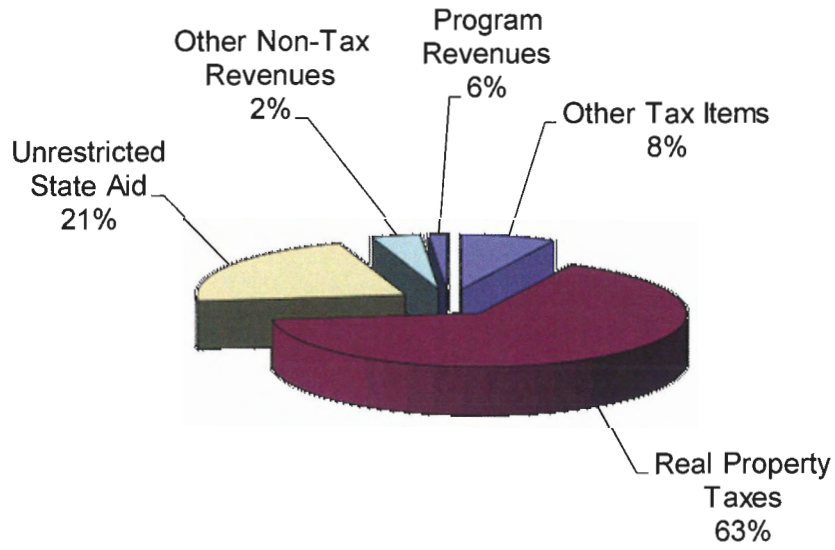
The restricted net position subject to external restrictions constitute is \$8,438,683.

Net position decreased by \$5,741,393 for the year ended June 30, 2020.

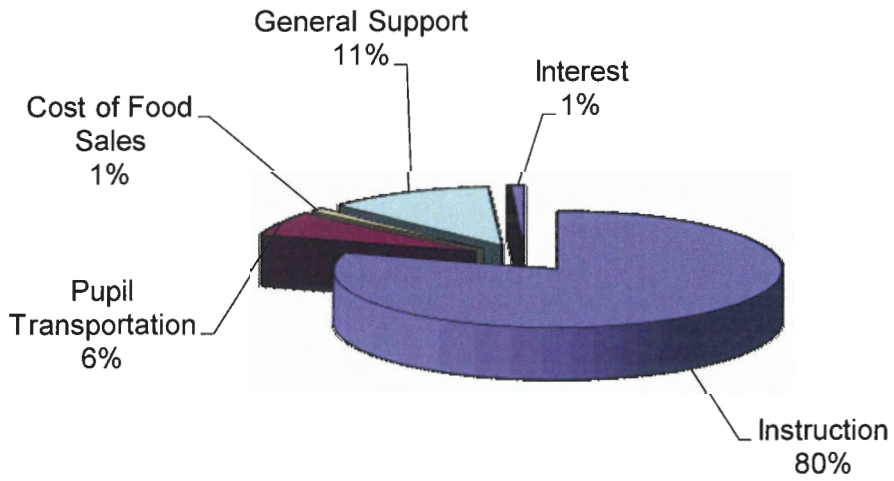
Changes in Net Position

	Years Ended June 30,	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 475,251	\$ 925,818
Operating Grants and Contributions	1,395,256	1,852,816
Capital Grants and Contributions	33,267	9,428
Total Program Revenues	1,903,774	2,788,062
General Revenues		
Real Property Taxes	33,674,768	32,399,040
Other Tax Items	3,794,009	4,338,255
Non-Property Taxes	78,011	55,666
Unrestricted Earnings on Investments	251,367	377,761
Unrestricted State Aid	11,118,910	10,848,832
Insurance Recoveries	7,203	7,951
Miscellaneous	376,575	494,584
Total General Revenues	49,300,843	48,522,089
Total Revenues	51,204,617	51,310,151
Program Expenses		
General Support	6,782,607	5,861,092
Instruction	45,754,975	42,003,345
Pupil Transportation	3,680,189	3,556,424
Cost of Food Sales	492,295	695,238
Other	82,875	128,391
Interest	492,517	502,741
Total Program Expenditures	57,285,458	52,747,231
Change in Net Position	(6,080,841)	(1,437,080)
Net Position		
Beginning	(27,657,250)	(26,220,170)
Ending	\$ (33,738,091)	\$ (27,657,250)

Revenues by Sources for Fiscal Year 2020



Expenses for Fiscal Year 2020 Governmental Activities



The major changes are as follows:

Revenues

- The School District relies upon real property taxes (75%) as its primary revenue source.
- Real property Taxes: The tax levy increased in the amount of \$732,699, the allowable amount under the tax cap law and the extent needed to fund the budget.
- Other tax items: In the current year NYS established a different way of distributing STAR reimbursement. New STAR recipients were getting their STAR reimbursement from the State.
- Charges for Services: In current year District did not exchange funds with Dutchess Community Collage for AP classes. Also, because of the executive order to close schools in March the district lost revenue not received from Performing Arts Center rentals as well as lost interest earning on investments.
- State Aid: State Aid increased from the prior year; several factors attributed to the increase - BOCES Aid increased based on purchased services from the prior year; there was also increase in Lottery Aid.

Expenditures

- Instruction: The decrease in Instruction in current year is attributed mainly due to COVID-19 school closure. District had personnel changes such as reduction in substitutes (\$62K), reduction in resource officers, reduction in professional development costs (\$150K), reduction in athletic transportation and related athletic contests costs (\$70K), building M&S budgets were reduced by \$150K, BOCES services were reduced for Gen. Ed. and Special Ed. by \$400K. Tutoring, testing, and textbook purchases were reduced by \$40K. In current year Dutchess Community Collage eliminated exchange of funds for AP classes (\$130K). There were also some one-time expenses in prior year for High School room renovations for approx. \$150K and retirement incentive accruals of \$350K, as well as Power School new reports requested \$70K.
- Pupil Transportation: The increase in transportation was attributed to 4 new routes that were added, which required additional busses and monitors from district contractor.

Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

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

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government’s General Fund, and could report a surplus or deficit. In funds, other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Analysis of the School District’s Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the School District’s governmental funds reported combined fund balances of \$11,931,414 a decrease of \$2,602,112 from the prior year. Of this amount, the *unassigned* fund balance of \$1,736,866 (net of the Capital Projects Fund deficit) is available for spending at the School District’s discretion. The remainder of fund balances is either Nonspendable, Restricted, or Assigned to indicate they’re unavailable for spending because they have already been committed to honor the specific purposes for which it can be spent. The nonspendable fund balance of \$278,081 consists of assets that are inherently unspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and principal of endowments. The restricted fund balance of \$9,334,367 consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Included within the restricted fund balances are reserves for tax certiorari

\$550,938, special purpose \$114,313, employee benefit accrued liability \$895,684, retirement contributions \$2,626,577, retirement contributions for subsequent year's expenditures \$200,000, property loss and liability of \$377,794, repairs restriction of \$30,691, future capital projects of \$1,002,487 and debt service \$3,535,883. The assigned fund balance of \$3,114,590 consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board of Education. Included within the assigned fund balances are encumbrances of \$1,420,813, state aid reduction \$303,614, school lunch fund \$310,082 and a designation for subsequent year's expenditures of \$1,080,000.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$10,488,122, of which \$1,736,866 or 3.34% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4.0% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

General Fund revenue received was \$514,040 more than budgeted. The positive variances were exhibited throughout entire revenue budget. Revenues such as aid increases, increased interest rates as well as an unplanned out-of-district tuition reimbursement were the factor.

Expenditures were below the final budget. After encumbrances of \$1,420,813 expenditure savings were \$1,917,769. Savings were exhibited throughout the budget. General Support, Instruction and Employee Benefits.

The original General Fund budget anticipated the use of \$2,013,825 of fund balance; \$513,825 from prior year encumbrances and \$1,500,000 from assigned fund balance.

Capital Assets

At June 30, 2020, the School District had \$38,923,350, net of accumulated depreciation invested in capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2019	2018
Land	\$ 2,891,200	\$ 2,891,200
Construction-in-Progress	2,911,435	6,010,028
Buildings and Improvements	30,862,735	24,656,054
Machinery and Equipment	2,257,980	2,216,570
Total Capital Assets, net of accumulated depreciation	\$ 38,923,350	\$ 35,773,852

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

Long-Term Debt

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

	June 30,	
	<u>2020</u>	<u>2019</u>
General Obligation Bonds payable	\$ 7,187,306	\$ 8,882,326
Energy Performance Contract Payable	6,165,788	6,549,082
Installment Purchase Debt Payable	78,586	-
Compensated Absences	1,497,979	644,716
Net Pension Liability	4,003,623	1,100,865
Other Post Employment Benefit Obligations Payable	<u>87,166,123</u>	<u>79,662,415</u>
	<u>\$ 106,099,405</u>	<u>\$ 96,839,404</u>

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

Requests for Information

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

Putnam Valley Central School District
Attn: Jill Figarella
District Treasurer
171 Oscawana Lake Rd.
Putnam Valley, NY 10579

Putnam Valley Central School District, New York

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 2,228,674
Investments	16,331,883
Receivables	
Accounts	168,742
State and Federal aid	1,000,898
Due from other governments	1,122,837
Inventories	15,423
Prepaid expenses	262,658
Net pension asset	3,101,500
Capital assets	
Not being depreciated	5,802,635
Being depreciated, net	<u>33,120,715</u>
Total Assets	<u>63,155,965</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>23,312,657</u>
LIABILITIES	
Accounts payable	1,666,701
Accrued liabilities	150,706
Bond anticipation notes payable	5,322,843
Due to other governments	68
Due to retirement systems	2,059,383
Accrued interest payable	131,030
Non-current liabilities	
Due within one year	2,118,208
Due in more than one year	<u>103,981,197</u>
Total Liabilities	<u>115,430,136</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,776,577</u>
NET POSITION	
Net investment in capital assets	20,511,407
Restricted	
Future capital projects	1,002,487
Repairs	30,691
Special purpose	114,313
Property loss and liability	377,794
Tax certiorari	550,938
Debt service	3,535,883
ERS Retirement contributions	2,023,442
TRS Retirement contributions	803,135
Unrestricted	<u>(62,688,181)</u>
Total Net Position	<u>\$ (33,738,091)</u>

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

Putnam Valley Central School District, New York

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General support	\$ 6,782,607	\$ 140	\$ 3,665	\$ -
Instruction	45,754,975	142,301	1,076,564	-
Pupil transportation	3,680,189	-	-	-
Cost of food sales	492,295	332,810	224,983	-
Other	82,875	-	90,044	-
Interest	492,517	-	-	33,267
Total Governmental Activities	\$ 57,285,458	\$ 475,251	\$ 1,395,256	\$ 33,267

General revenues

- Real property taxes
- Other tax items
 - School tax relief reimbursement
 - Interest and penalties on real property taxes
- Non-property taxes
 - Non-property tax distribution from County
- Unrestricted earnings on investments
- Unrestricted State aid
- Insurance recoveries
- Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense)
Revenue and
Changes in
Net Position

\$ (6,778,802)
(44,536,110)
(3,680,189)
65,498
7,169
(459,250)

(55,381,684)

33,674,768

3,747,216
46,793

78,011
251,367
11,118,910
7,203
376,575

49,300,843

(6,080,841)

(27,657,250)

\$ (33,738,091)

Putnam Valley Central School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2020

	General	Special Aid	Debt Service
ASSETS			
Cash and equivalents	\$ 1,730,742	\$ 75,431	\$ -
Investments	13,558,419	-	-
Receivables			
Accounts	168,272	-	-
State and Federal aid	254,458	710,573	-
Due from other governments	1,122,837	-	-
Due from other funds	786,004	-	3,535,883
Inventories	-	-	-
Prepaid expenditures	262,658	-	-
	<u>17,883,390</u>	<u>786,004</u>	<u>3,535,883</u>
Total Assets	<u>\$ 17,883,390</u>	<u>\$ 786,004</u>	<u>\$ 3,535,883</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,651,424	\$ -	\$ -
Accrued liabilities	150,706	-	-
Bond anticipation notes payable	-	-	-
Due to other funds	3,533,755	786,004	-
Due to other governments	-	-	-
Due to retirement systems	2,059,383	-	-
	<u>7,395,268</u>	<u>786,004</u>	<u>-</u>
Total Liabilities	<u>7,395,268</u>	<u>786,004</u>	<u>-</u>
Fund balances			
Nonspendable	262,658	-	-
Restricted	5,684,171	-	3,535,883
Assigned	2,804,427	-	-
Unassigned	1,736,866	-	-
	<u>10,488,122</u>	<u>-</u>	<u>3,535,883</u>
Total Fund Balances	<u>10,488,122</u>	<u>-</u>	<u>3,535,883</u>
Total Liabilities and Fund Balances	<u>\$ 17,883,390</u>	<u>\$ 786,004</u>	<u>\$ 3,535,883</u>

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 50,268	\$ 372,233	\$ 2,228,674
2,773,464	-	16,331,883
-	470	168,742
-	35,867	1,000,898
-	-	1,122,837
539,957	31,170	4,893,014
-	15,423	15,423
-	-	262,658
<u>\$ 3,363,689</u>	<u>\$ 455,163</u>	<u>\$ 26,024,129</u>
\$ -	\$ 15,277	\$ 1,666,701
-	-	150,706
5,322,843	-	5,322,843
573,255	-	4,893,014
-	68	68
-	-	2,059,383
<u>5,896,098</u>	<u>15,345</u>	<u>14,092,715</u>
-	15,423	278,081
-	114,313	9,334,367
-	310,082	3,114,509
(2,532,409)	-	(795,543)
<u>(2,532,409)</u>	<u>439,818</u>	<u>11,931,414</u>
<u>\$ 3,363,689</u>	<u>\$ 455,163</u>	<u>\$ 26,024,129</u>

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Putnam Valley Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
June 30, 2020

Fund Balances - Total Governmental Funds	<u>\$ 11,931,414</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>38,923,350</u>
Governmental funds do not report the effect of losses on refunding bonds, assets or liabilities related to net pension assets (liabilities) and other postemployment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	213,835
Deferred amounts on net pension liabilities	7,697,149
Deferred amounts on other postemployment benefit obligations	<u>10,625,096</u>
	<u>18,536,080</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset	<u>3,101,500</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(131,030)
Bonds payable	(7,187,306)
Energy performance contract payable	(6,165,788)
Installment purchase debt	(78,586)
Net pension liabilities	(4,003,623)
Compensated absences	(1,497,979)
Other post employment benefit obligations payable	<u>(87,166,123)</u>
	<u>(106,230,435)</u>
Net Position of Governmental Activities	<u>\$ (33,738,091)</u>

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

Putnam Valley Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2020

	General	Special Aid	Debt Service	Capital Projects
REVENUES				
Real property taxes	\$ 33,674,768	\$ -	\$ -	\$ -
Other tax items	3,794,009	-	-	-
Non-property taxes	78,011	-	-	-
Charges for services	142,301	-	-	-
Use of money and property	257,224	-	31,215	-
State aid	11,371,162	333,575	-	398,723
Federal aid	-	490,737	-	-
Food sales	-	-	-	-
Miscellaneous	376,575	-	-	-
Total Revenues	49,694,050	824,312	31,215	398,723
EXPENDITURES				
Current				
General support	4,606,873	-	-	-
Instruction	27,741,809	907,706	-	-
Pupil transportation	2,906,159	-	-	-
Employee benefits	10,975,283	-	-	-
Cost of food sales	-	-	-	-
Other	-	-	-	-
Debt service				
Principal	1,960,115	-	-	-
Interest	551,620	-	-	-
Capital outlay	-	-	-	4,095,867
Total Expenditures	48,741,859	907,706	-	4,095,867
Excess (Deficiency) of Revenues Over Expenditures	952,191	(83,394)	31,215	(3,697,144)
OTHER FINANCING SOURCES (USES)				
Installment purchase debt issued	-	-	-	100,407
Insurance recoveries	7,203	-	-	-
Transfers in	500,000	83,394	-	-
Transfers out	(83,394)	-	(500,000)	-
Total Other Financing Sources (Uses)	423,809	83,394	(500,000)	100,407
Net Change in Fund Balances	1,376,000	-	(468,785)	(3,596,737)
FUND BALANCES				
Beginning of Year	9,112,122	-	4,004,668	1,064,328
End of Year	<u>\$ 10,488,122</u>	<u>\$ -</u>	<u>\$ 3,535,883</u>	<u>\$ (2,532,409)</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 33,674,768
-	3,794,009
-	78,011
-	142,301
405	288,844
8,562	12,112,022
214,255	704,992
332,810	332,810
91,805	468,380
647,837	51,596,137
-	4,606,873
-	28,649,515
-	2,906,159
-	10,975,283
477,552	477,552
82,875	82,875
-	1,960,115
-	551,620
-	4,095,867
560,427	54,305,859
87,410	(2,709,722)
-	100,407
-	7,203
-	583,394
-	(583,394)
-	107,610
87,410	(2,602,112)
352,408	14,533,526
\$ 439,818	\$ 11,931,414

Putnam Valley Central School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds \$ (2,602,112)

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.

Capital outlay expenditures	4,393,846
Depreciation expense	<u>(1,244,348)</u>
	<u>3,149,498</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on serial bonds	1,555,000
Principal paid on energy performance contract	383,294
Principal paid on installment purchase debt	21,821
Installment purchase debt issued	(100,407)
Amortization of loss on refunding bonds and issuance premium	<u>88,570</u>
	<u>1,948,278</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenues - State and Federal aid	<u>(398,723)</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(29,467)
Compensated absences	(853,263)
Pension liabilities	(2,724,411)
Other post employment benefit obligations	<u>(4,570,641)</u>
	<u>(8,177,782)</u>

Change in Net Position of Governmental Activities \$ (6,080,841)

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

Putnam Valley Central School District, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances
General Fund
Year Ended June 30, 2020

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 33,180,010	\$ 33,732,794	\$ 33,674,768	\$ (58,026)
Other tax items	4,345,000	3,792,216	3,794,009	1,793
Non-property taxes	-	-	78,011	78,011
Charges for services	265,000	265,000	142,301	(122,699)
Use of money and property	175,000	175,000	257,224	82,224
State aid	11,000,000	11,000,000	11,371,162	371,162
Federal aid	-	-	-	-
Miscellaneous	215,000	215,000	376,575	161,575
Total Revenues	49,180,010	49,180,010	49,694,050	514,040
EXPENDITURES				
Current				
General support	4,869,631	5,582,530	4,606,873	975,657
Instruction	29,901,390	29,418,486	27,741,809	1,676,677
Pupil transportation	2,945,526	2,937,789	2,906,159	31,630
Employee benefits	11,849,373	11,626,721	10,975,283	651,438
Debt service				
Principle	2,510,053	1,963,294	1,960,115	3,179
Interest	4,862	551,621	551,620	1
Total Expenditures	52,080,835	52,080,441	48,741,859	3,338,582
Excess (Deficiency) of Revenues Over Expenditures	(2,900,825)	(2,900,431)	952,191	3,852,622
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	7,203	7,203
Transfers in	1,000,000	1,000,000	500,000	(500,000)
Transfers out	(113,000)	(113,394)	(83,394)	30,000
Total Other Financing Sources	887,000	886,606	423,809	(462,797)
Net Change in Fund Balances	(2,013,825)	(2,013,825)	1,376,000	3,389,825
FUND BALANCES				
Beginning of Year	2,013,825	2,013,825	9,112,122	7,098,297
End of Year	\$ -	\$ -	\$ 10,488,122	\$ 10,488,122

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

Putnam Valley Central School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2020

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 88,002
LIABILITIES	
Accounts payable	\$ 444
Student activity funds	<u>87,558</u>
Total Liabilities	<u>\$ 88,002</u>

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

Note 1 - Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

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

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Special Revenue Funds:

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

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

- b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made. A ninety-day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

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

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

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

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

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2020.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Land and construction-in-progress are not depreciated. Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Machinery and Equipment	8-20

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

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

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

Deferred outflows of resources and deferred inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 2,627,344	\$ 181,935
New York State Teachers' Retirement System	9,846,382	4,594,642
Other post employment benefit obligations	10,625,096	-
Deferred loss on refunding bonds	213,835	-
	<u>\$ 23,312,657</u>	<u>\$ 4,776,577</u>

The amount reported for the deferred loss on the refunding results from the difference in the carrying value of the 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 amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other postemployment benefit obligations are detailed in Note 3E.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing

Note 1 - Summary of Significant Accounting Policies (Continued)

sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

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

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for future capital projects, repairs, special purpose, property loss and liability, tax certiorari, debt service and retirement contributions. The balance is classified as unrestricted.

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

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

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

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or

Note 1 - Summary of Significant Accounting Policies (Continued)

changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the Board of Education.

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

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

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

F. Encumbrances

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

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4B).

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 17, 2020.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, Debt Service, School Lunch or Special Purpose funds.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

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

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

D. Capital Projects Fund Project Deficits

The deficits of \$322,554 in the School Buses and \$2,260,014 in the Middle School and District-wide Improvement projects arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for

Note 2 - Stewardship, Compliance and Accountability (Continued)

bond anticipation notes issued are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. Deficits in these projects will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2020 is as follows:

Fund	Due From	Due To
General	\$ 786,004	\$ 3,533,755
Special Aid	-	786,004
Debt Service	3,535,883	-
Capital Projects	539,957	573,255
Non-Major Governmental	31,170	-
	<u>\$ 4,893,014</u>	<u>\$ 4,893,014</u>

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

B. Capital Assets

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

Class	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets, not being depreciated:				
Land	\$ 2,891,200	\$ -	\$ -	\$ 2,891,200
Construction-in-Progress	6,010,028	2,529,618	5,628,211	2,911,435
Total Capital Assets, not being depreciated	<u>\$ 8,901,228</u>	<u>\$ 2,529,618</u>	<u>\$ 5,628,211</u>	<u>\$ 5,802,635</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 40,729,741	\$ 7,185,079	\$ -	\$ 47,914,820
Machinery and Equipment	3,862,909	307,360	127,691	4,042,578
Total Capital Assets, being depreciated	<u>44,592,650</u>	<u>7,492,439</u>	<u>127,691</u>	<u>51,957,398</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	16,073,687	978,398	-	17,052,085
Machinery and Equipment	1,646,339	265,950	127,691	1,784,598
Total Accumulated Depreciation	<u>17,720,026</u>	<u>1,244,348</u>	<u>127,691</u>	<u>18,836,683</u>
Total Capital Assets, being depreciated, net	<u>\$ 26,872,624</u>	<u>\$ 6,248,091</u>	<u>\$ -</u>	<u>\$ 33,120,715</u>
Capital Assets, net	<u>\$ 35,773,852</u>	<u>\$ 8,777,709</u>	<u>\$ 5,628,211</u>	<u>\$ 38,923,350</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

General Support	\$ 270,914
Instruction	878,975
Pupil Transportation	64,199
Cost of Food Sales	<u>30,260</u>
Total Depreciation Expense	<u>\$ 1,244,348</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2020 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 150,706</u>

D. Short-Term Capital Borrowings

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

Purpose	Year of Original Issue	Rate of Interest	Maturity Date	Balance July 1, 2019	New Issues	Balance June 30, 2020
School Buses	2019	1.57 %	October, 2020	\$ 150,000	\$ 172,843	\$ 322,843
Construction	2020	2.00	July, 2020	-	2,000,000	2,000,000
Construction	2020	1.34	July, 2020	-	3,000,000	3,000,000
				<u>\$ 150,000</u>	<u>\$ 5,172,843</u>	<u>\$ 5,322,843</u>

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

Interest expenditures of \$4,861 were recorded in the fund financial statements in the General Fund. Interest expense of \$41,264 was recorded in the district-wide financial statements.

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2020:

	Balance, July 1, 2019	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2020	Due Within One-Year
General Obligation Bonds Payable	\$ 7,689,911	\$ -	\$ 1,555,000	\$ 6,134,911	\$ 1,555,000
Plus					
Unamortized premium on bonds	1,192,415	-	140,020	1,052,395	-
	<u>8,882,326</u>	<u>-</u>	<u>1,695,020</u>	<u>7,187,306</u>	<u>1,555,000</u>
Other Non-current Liabilities					
Energy Performance Contract Payable	6,549,082	-	383,294	6,165,788	394,793
Installment Purchase Debt Payable	-	100,407	21,821	78,586	18,415
Net Pension Liability	1,100,865	2,902,758	-	4,003,623	-
Compensated Absences	644,716	917,263	64,000	1,497,979	150,000
Other Post Employment Benefit Obligations Payable	79,662,415	9,538,057	2,034,349	87,166,123	-
Total Other Non-Current Liabilities	<u>87,957,078</u>	<u>13,458,485</u>	<u>2,503,464</u>	<u>98,912,099</u>	<u>563,208</u>
Total Long-Term Liabilities	<u>\$ 96,839,404</u>	<u>\$ 13,458,485</u>	<u>\$ 4,198,484</u>	<u>\$ 106,099,405</u>	<u>\$ 2,118,208</u>

The liabilities for general obligation bonds payable, energy performance contract, installment purchase debt payable, net pension liability, compensated absences and other post employment benefit obligations are liquidated by the General Fund.

General Obligation Bonds Payable

General obligation Bonds payable at June 30, 2020 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2020
Refunding bonds	2015	\$ 9,545,000	June, 2028	4.00 - 5.0 %	\$ 5,284,911
Refunding bonds	2014	4,850,000	June, 2021	2.25 - 2.5	850,000
					<u>\$ 6,134,911</u>

Interest expenditures of \$326,125 were recorded in the fund financial statements in the General Fund. Interest expense of \$235,569 was recorded in the district-wide financial statements.

Energy Performance Contract Payable

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

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$220,634 were recorded in the fund financial statements in the General Fund. Interest expense of \$215,684 was recorded in the district-wide financial statements. The balance due at June 30, 2020 was \$6,165,788.

Installment Purchase Debt Payable

The School District has entered into an agreement to finance the cost of purchasing equipment. The terms of the agreement provide for repayment in annual installments, through 2023, including interest at a rate of 4.25%. There were no interest payments for the initial year. The balance due at June 30, 2020 was \$78,586.

Payments to Maturity

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2020 including interest payments of \$2,722,689 are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Energy Performance Contract		Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,555,000	\$ 278,450	\$ 394,793	\$ 207,721	\$ 18,415	\$ 3,406	\$ 1,968,208	\$ 489,577
2022	695,000	229,000	406,636	194,421	19,213	2,608	1,120,849	426,029
2023	685,000	194,250	418,835	180,721	20,045	1,776	1,123,880	376,747
2024	670,000	160,000	431,401	166,611	20,913	906	1,122,314	327,517
2025	655,000	126,500	444,343	152,077	-	-	1,099,343	278,577
2026-2030	1,874,911	186,000	2,429,847	526,657	-	-	4,304,758	712,657
2031-2033	-	-	1,639,933	111,585	-	-	1,639,933	111,585
	<u>\$ 6,134,911</u>	<u>\$ 1,174,200</u>	<u>\$ 6,165,788</u>	<u>\$ 1,539,793</u>	<u>\$ 78,586</u>	<u>\$ 8,696</u>	<u>\$ 12,379,285</u>	<u>\$ 2,722,689</u>

The above general obligation bonds, energy performance contract debt and installment purchase debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Pension Plans

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

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

Note 3 - Detailed Notes on All Funds (Continued)

by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2020 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	15.7 %
	5 A15	13.1
	6 A15	9.2
TRS	1-6	8.86 %

At June 30, 2020, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension liability (asset)	\$ 4,003,623	\$ (3,101,500)
School Districts' proportion of the net pension liability (asset)	0.0151191 %	(0.119380) %
Change in proportion since the prior measurement date	(0.0004182) %	(0.001750) %

Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of \$5,130,140 (\$1,356,745 for ERS and \$3,773,395 for TRS). Pension expenditures of \$2,382,305 (\$620,270 for ERS and \$1,762,035 for TRS) and \$23,424 (\$17,479 for ERS and \$5,945 for TRS) were recorded in the fund financial statements and were charged to the General and Special Aid Funds, respectively.

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

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 235,629	\$ -	\$ 2,101,807	\$ 230,634
Changes of assumptions	80,614	69,609	5,859,148	1,428,626
Net difference between projected and actual earnings on pension plan investments	2,052,452	-	-	2,487,243
Changes in proportion and differences between School District contributions and proportionate share of contributions	96,668	112,326	117,447	448,139
School District contributions subsequent to the measurement date	161,981	-	1,767,980	-
	<u>\$ 2,627,344</u>	<u>\$ 181,935</u>	<u>\$ 9,846,382</u>	<u>\$ 4,594,642</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,337,436	\$ 230,634		
Changes of assumptions	5,939,762	1,498,235		
Net difference between projected and actual earnings on pension plan investments	2,052,452	2,487,243		
Changes in proportion and differences between School District contributions and proportionate share of contributions	214,115	560,465		
School District contributions subsequent to the measurement date	1,929,961	-		
	<u>\$ 12,473,726</u>	<u>\$ 4,776,577</u>		

\$161,981 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2020. The \$1,767,980

Note 3 - Detailed Notes on All Funds (Continued)

reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2020	\$ -	\$ 1,312,155
2021	380,438	(1,974)
2022	570,121	1,307,067
2023	728,566	860,257
2024	604,303	91,754
Thereafter	-	(85,499)

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

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8% *	7.1% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.2%
Cost of living adjustments	1.3%	1.3%

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Asset Type	ERS March 31, 2020		TRS June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.05 %	33 %	6.30 %
International Equity	14	6.15	16	7.80
Private Equity	10	6.75	8	9.90
Real Estate	10	4.95	11	4.60
Global Fixed Income Securities	-	-	4	7.20
Domestic Fixed Income Securities	-	-	16	1.30
Global Bonds	-	-	2	0.90
Private Debt	-	-	1	6.50
Real Estate Debt	-	-	7	2.90
High Yield Fixed Income Securities	-	-	1	3.60
Absolute Return Strategies	2	3.25	-	-
Opportunistic Portfolio	3	4.65	-	-
Real Assets	3	5.95	-	-
Bonds and Mortgages	17	0.75	-	-
Cash	1	-	1	0.30
Inflation Indexed Bonds	4	0.50	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.80% for ERS and 6.10% for TRS) or 1 percentage point higher (7.80% for ERS and 7.10% for TRS) than the current rate:

	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
School District's proportionate share of the ERS net pension liability	\$ 7,347,778	\$ 4,003,623	\$ 923,641
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
School District's proportionate share of the TRS net pension liability (asset)	\$ 13,999,846	\$ (3,101,500)	\$ (17,447,599)

The components of the collective net pension liability as of the March 31, 2020 ERS measurement date and the June 30, 2019 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 194,596,261,000	\$ 119,879,473,882
Fiduciary net position	168,115,682,000	122,477,480,654
Employers' net pension liability (asset)	\$ 26,480,579,000	\$ (2,598,006,772)
Fiduciary net position as a percentage of total pension liability	86.39%	102.17%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2020 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2020 were \$161,981 to ERS and \$1,897,402 to TRS (including employee contribution of \$129,422).

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

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

Other Post Employment Benefit Obligations (“OPEB”)

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

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	168
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>305</u>
	<u><u>473</u></u>

The School District's total OPEB liability of \$87,166,123 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3%, average, including inflation
Discount rate	2.44%
Healthcare cost trend rates	6.5% for 2019, decreasing 0.5% per year to an ultimate rate of 4.0% for 2025 and later years
Retirees' share of benefit-related costs	Retiree contribution rates vary by employee class and date of retirement.

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate was based on an average of three 20-year bond indices (e.g., Bond Buyers, 20 Bond G0, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of March 29, 2019.

The actuarial assumptions used in the June 30, 2020 valuation reflects the retirement from the active plan and is based on age and gender period. This is the assumption used by the TRS and ERS.

The School District's change in the total OPEB liability for the year ended June 30, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 79,662,415
Service cost	2,216,739
Interest	2,047,622
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	5,273,696
Benefit payments	<u>(2,034,349)</u>
 Total OPEB Liability - End of Year	 <u><u>\$ 87,166,123</u></u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.44%) or 1 percentage point higher (3.44%) than the current discount rate:

	1% Decrease (1.44%)	Current Assumption (2.44%)	1% Increase (3.44%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 100,626,902</u>	<u>\$ 87,166,123</u>	<u>\$ 75,231,927</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5% decreasing to 3.0%) or 1 percentage point higher (7.5% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 4.0%)	1% Increase (7.5% decreasing to 5.0%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 71,419,841</u>	<u>\$ 87,166,123</u>	<u>\$ 108,281,748</u>

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2020 the School District recognized OPEB expense of \$4,570,641 in the district-wide financial statements. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 10,625,096	\$ -
Differences between expected and actual experience	<u>-</u>	<u>-</u>
	<u>\$ 10,625,096</u>	<u>\$ -</u>

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

<u>Year Ended June 30, 2020</u>	
2021	\$ 1,974,342
2022	1,974,342
2023	1,974,342
2024	1,974,342
2025	1,974,342
Thereafter	753,386

F. Revenues and Expenditures

Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	
General Fund	\$ -	\$ 83,394	\$ 83,394
Debt Service Fund	<u>500,000</u>	<u>-</u>	<u>500,000</u>
	<u>\$ 500,000</u>	<u>\$ 83,394</u>	<u>\$ 583,394</u>

Note 3 - Detailed Notes on All Funds (Continued)

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid funds expenditures, to transfer amounts appropriated for debt service to the General Fund.

G. Net Position

The components of net position are detailed below:

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

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

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

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

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

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

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

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

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

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

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2020					2019				
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable										
Inventories	\$ -	\$ -	\$ -	\$ 15,423	\$ 15,423	\$ -	\$ -	\$ -	\$ 10,348	\$ 10,348
Prepaid expenditures	262,658	-	-	-	262,658	261,773	-	-	-	261,773
Total Nonspendable	262,658	-	-	15,423	278,081	261,773	-	-	10,348	272,121
Restricted										
Repairs	30,691	-	-	-	30,691	30,645	-	-	-	30,645
Property loss and liability	377,794	-	-	-	377,794	127,604	-	-	-	127,604
Tax certiorari	550,938	-	-	-	550,938	740,223	-	-	-	740,223
Tax certiorari for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Employee benefit accrued liability	895,684	-	-	-	895,684	644,717	-	-	-	644,717
Employee benefit accrued liability for subsequent year's expenditures	-	-	-	-	-	200,000	-	-	-	200,000
ERS retirement contributions	1,823,442	-	-	-	1,823,442	1,820,711	-	-	-	1,820,711
ERS retirement contributions - for subsequent year's expenditures	200,000	-	-	-	200,000	500,000	-	-	-	500,000
TRS retirement contributions	803,135	-	-	-	803,135	404,000	-	-	-	404,000
Future capital projects	1,002,487	-	-	-	1,002,487	1,000,986	-	-	-	1,000,986
Debt service	-	3,535,883	-	-	3,535,883	-	4,004,668	-	-	4,004,668
Capital projects	-	-	-	-	-	-	-	1,064,328	-	1,064,328
Trusts	-	-	-	114,313	114,313	-	-	-	107,144	107,144
Total Restricted	5,684,171	3,535,883	-	114,313	9,334,367	5,468,886	4,004,668	1,064,328	107,144	10,645,026
Assigned										
Purchases on order										
General government support	790,573	-	-	-	790,573	368,216	-	-	-	368,216
Instruction	629,960	-	-	-	629,960	142,485	-	-	-	142,485
Pupil transportation	280	-	-	-	280	3,124	-	-	-	3,124
	1,420,813	-	-	-	1,420,813	513,825	-	-	-	513,825
Subsequent year's expenditures	1,080,000	-	-	-	1,080,000	800,000	-	-	-	800,000
State aid reduction	303,614	-	-	-	-	-	-	-	-	-
School Lunch Fund	-	-	-	310,082	310,082	-	-	-	234,916	234,916
Total Assigned	2,804,427	-	-	310,082	2,810,895	1,313,825	-	-	234,916	1,548,741
Unassigned	1,736,866	-	(2,532,409)	-	(795,543)	2,067,638	-	-	-	2,067,638
Total Fund Balance	\$ 10,488,122	\$ 3,535,883	\$ (2,532,409)	\$ 439,818	\$ 11,627,800	\$ 9,112,122	\$ 4,004,668	\$ 1,064,328	\$ 352,408	\$ 14,533,526

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Trusts has been provided to report the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

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

Subsequent year's expenditures represent that at June 30, 2020, the Board has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for state aid reduction represents that the Board of Education intends to use these funds if unbudgeted reductions in state aid occur in the subsequent fiscal year due to the ongoing fiscal impact of the Coronavirus pandemic (Note 4B).

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

B. Contingencies

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

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

Coronavirus

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and school district aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority. Such measures have already impacted the state aid revenues reported by the School District for the year ended June 30, 2020.

In addition to these New York State actions, the School District's economically sensitive revenues (i.e., sales tax distributions, interest earnings, charges for services) are being negatively impacted. Meanwhile, the School District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support remote work and remote learning, additional bus runs to lower capacity) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the School District's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the School District. The School District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

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

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

The School District has also established a reserve for property loss and liability pursuant to General Municipal Law. At June 30, 2020, the balance in the reserve was \$127,794, which is to be used for the uninsured portion of any losses.

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

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

Putnam Valley Central School District, New York

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

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 2,216,739	\$ 800,049	\$ 685,077
Interest	2,047,622	2,402,073	2,508,163
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	5,273,696 (4)	8,546,699 (3)	-
Benefit payments	<u>(2,034,349)</u>	<u>(2,051,892)</u>	<u>(2,031,890)</u>
Net Change in Total OPEB Liability	7,503,708	9,696,929	1,161,350
Total OPEB Liability – Beginning of Year	<u>79,662,415</u>	<u>69,965,486</u>	<u>68,804,136</u>
Total OPEB Liability – End of Year	<u>\$ 87,166,123</u>	<u>\$ 79,662,415</u>	<u>\$ 69,965,486</u>
School District's covered-employee payroll	<u>\$ 22,900,153</u>	<u>\$ 21,493,900</u>	<u>\$ 21,493,900</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>381%</u>	<u>371%</u>	<u>326%</u>

Notes to Schedule:

- (1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.
- (3) The discount rate used to calculate the total OPEB liability was decreased from 3.7% to 3.1% effective with the June 30, 2018 measurement date.
- (4) The discount rate used to calculate the total OPEB liability was decreased from 3.1% to 2.44% effective with the June 30, 2019 measurement date.

See independent auditors' report.

Putnam Valley Central School District, New York

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

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

	2020 (4)	2019	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>(0.119380%)</u>	<u>(0.121130%)</u>	<u>(0.117988%)</u>	<u>0.113078%</u>	<u>(0.110161%)</u>	<u>(0.110175%)</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (3,101,500)</u>	<u>\$ (2,190,356)</u>	<u>\$ (896,824)</u>	<u>\$ 1,211,113</u>	<u>\$ (11,442,268)</u>	<u>\$ (12,272,786)</u>
School District's covered payroll	<u>\$ 20,220,672</u>	<u>\$ 20,036,811</u>	<u>\$ 19,002,024</u>	<u>\$ 17,826,436</u>	<u>\$ 17,017,000</u>	<u>\$ 16,679,000</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(15.34)%</u>	<u>(10.93)%</u>	<u>(4.72)%</u>	<u>6.79%</u>	<u>(67.24)%</u>	<u>(73.58)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>102.20%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 1,767,980</u>	<u>\$ 2,147,435</u>	<u>\$ 1,963,607</u>	<u>\$ 2,227,037</u>	<u>\$ 2,363,785</u>	<u>\$ 2,983,123</u>
Contributions in relation to the contractually required contribution	<u>(1,767,980)</u>	<u>(2,147,435)</u>	<u>(1,963,607)</u>	<u>(2,227,037)</u>	<u>(2,363,785)</u>	<u>(2,983,123)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 19,954,628</u>	<u>\$ 20,220,672</u>	<u>\$ 20,036,811</u>	<u>\$ 19,002,024</u>	<u>\$ 17,826,426</u>	<u>\$ 17,017,000</u>
Contributions as a percentage of covered payroll	<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

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

- (1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".
- (2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.
- (3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.
- (4) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.10% effective with the June 30, 2020 measurement date.

See independent auditors' report.

Putnam Valley Central School District, New York

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

Schedule of the School District's Proportionate Share of the Net Pension Liability

	2020	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0151191%</u>	<u>0.0155373%</u>	<u>0.017981%</u>	<u>0.018319%</u>	<u>0.018833%</u>	<u>0.018730%</u>
School District's proportionate share of the net pension liability	<u>\$ 4,003,623</u>	<u>\$ 1,100,865</u>	<u>\$ 580,338</u>	<u>\$ 1,721,284</u>	<u>\$ 3,022,746</u>	<u>\$ 632,733</u>
School District's covered payroll	<u>\$ 4,596,952</u>	<u>\$ 4,383,401</u>	<u>\$ 5,054,799</u>	<u>\$ 4,851,419</u>	<u>\$ 4,753,923</u>	<u>\$ 4,824,000</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>87.09%</u>	<u>25.11%</u>	<u>11.48%</u>	<u>35.48%</u>	<u>63.58%</u>	<u>13.12%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 655,578	\$ 641,151	\$ 757,522	\$ 749,797	\$ 829,309	\$ 855,220
Contributions in relation to the contractually required contribution	<u>(655,578)</u>	<u>(641,151)</u>	<u>(757,522)</u>	<u>(749,797)</u>	<u>(829,309)</u>	<u>(855,220)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 4,526,777</u>	<u>\$ 4,661,842</u>	<u>\$ 4,346,645</u>	<u>\$ 4,976,862</u>	<u>\$ 4,988,810</u>	<u>\$ 4,824,000</u>
Contributions as a percentage of covered payroll	<u>14.48%</u>	<u>13.75%</u>	<u>17.43%</u>	<u>15.07%</u>	<u>16.62%</u>	<u>17.73%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

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

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

See independent auditors' report.

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Putnam Valley Central School District, New York

General Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 1,730,742	\$ 1,170,405
Investments	<u>13,558,419</u>	<u>12,818,865</u>
Receivables		
Accounts	168,272	278,080
State and Federal aid	254,458	230,673
Due from other governments	1,122,837	1,247,539
Due from other funds	<u>786,004</u>	<u>1,406,325</u>
	<u>2,331,571</u>	<u>3,162,617</u>
Prepaid expenditures	<u>262,658</u>	<u>261,773</u>
Total Assets	<u>\$ 17,883,390</u>	<u>\$ 17,413,660</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,651,424	\$ 1,264,351
Accrued liabilities	150,706	555,957
Due to other funds	3,533,755	4,030,717
Due to retirement systems	<u>2,059,383</u>	<u>2,450,513</u>
Total Liabilities	<u>7,395,268</u>	<u>8,301,538</u>
Fund balance		
Nonspendable	262,658	261,773
Restricted	5,684,171	5,468,886
Assigned	2,804,427	1,313,825
Unassigned	<u>1,736,866</u>	<u>2,067,638</u>
Total Fund Balance	<u>10,488,122</u>	<u>9,112,122</u>
Total Liabilities and Fund Balance	<u>\$ 17,883,390</u>	<u>\$ 17,413,660</u>

See independent auditors' report.

Putnam Valley Central School District, New York

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

	2020				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 33,180,010	\$ 33,732,794	\$ 33,674,768	\$	\$ (58,026)
Other tax items	4,345,000	3,792,216	3,794,009		1,793
Non-property taxes	-	-	78,011		78,011
Charges for services	265,000	265,000	142,301		(122,699)
Use of money and property	175,000	175,000	257,224		82,224
State aid	11,000,000	11,000,000	11,371,162		371,162
Miscellaneous	215,000	215,000	376,575		161,575
Total Revenues	49,180,010	49,180,010	49,694,050		514,040
EXPENDITURES					
Current					
General support					
Board of education	66,870	76,482	56,840	985	18,657
Central administration	382,869	382,373	380,418	-	1,955
Finance	693,378	701,028	680,498	10,557	9,973
Staff	324,464	314,191	253,828	54,639	5,724
Central services	2,796,004	3,414,734	2,562,660	704,257	147,817
Special items	606,046	693,722	672,629	20,135	958
Total General Support	4,869,631	5,582,530	4,606,873	790,573	185,084
Instruction					
Instruction, administration and improvement	2,301,537	2,280,724	2,087,960	15,217	177,547
Teaching - Regular school	14,662,100	13,626,375	13,277,036	146,002	203,337
Programs for students with disabilities	7,840,613	7,399,382	7,068,736	31,179	299,467
Instructional media	1,614,053	2,544,964	2,209,011	268,760	67,193
Pupil services	3,483,087	3,567,041	3,099,066	168,802	299,173
Total Instruction	29,901,390	29,418,486	27,741,809	629,960	1,046,717
Pupil transportation	2,945,526	2,937,789	2,906,159	280	31,350
Employee benefits	11,849,373	11,626,721	10,975,283	-	651,438
Debt service					
Principal	2,510,053	1,963,294	1,960,115	-	3,179
Interest	4,862	551,621	551,620	-	1
Total Expenditures	52,080,835	52,080,441	48,741,859	1,420,813	1,917,769
Excess (Deficiency) of Revenues Over Expenditures	(2,900,825)	(2,900,431)	952,191	(1,420,813)	2,431,809
OTHER FINANCING (USES)					
Insurance recoveries	-	-	7,203	-	7,203
Transfers in	1,000,000	1,000,000	500,000	-	(500,000)
Transfers out	(113,000)	(113,394)	(83,394)	-	30,000
Total Other Financing Sources	887,000	886,606	423,809	-	(462,797)
Net Change in Fund Balance	(2,013,825)	(2,013,825)	1,376,000	\$ (1,420,813)	\$ 1,969,012
FUND BALANCE					
Beginning of Year	2,013,825	2,013,825	9,112,122		
End of Year	\$ -	\$ -	\$ 10,488,122		

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 32,099,594	\$ 32,454,733	\$ 32,399,040	\$	\$ (55,693)
4,692,717	4,337,578	4,338,255		677
-	-	55,666		55,666
150,000	150,000	458,776		308,776
120,000	120,000	383,560		263,560
10,472,933	10,472,933	11,085,275		612,342
195,000	195,000	494,584		299,584
<u>47,730,244</u>	<u>47,730,244</u>	<u>49,215,156</u>		<u>1,484,912</u>
83,239	84,745	82,245	595	1,905
392,447	378,077	370,966	-	7,111
668,164	672,851	632,273	38,083	2,495
346,983	222,170	221,157	-	1,013
2,983,737	3,293,529	2,701,598	329,538	262,393
583,500	686,899	685,534	-	1,365
<u>5,058,070</u>	<u>5,338,271</u>	<u>4,693,773</u>	<u>368,216</u>	<u>276,282</u>
2,428,341	2,407,071	2,398,088	4,281	4,702
15,107,598	14,847,650	14,611,560	114,803	121,287
7,438,352	7,595,137	7,542,540	2	52,595
1,343,550	1,835,748	1,827,254	-	8,494
3,391,930	3,218,624	3,158,465	23,399	36,760
<u>29,709,771</u>	<u>29,904,230</u>	<u>29,537,907</u>	<u>142,485</u>	<u>223,838</u>
2,827,322	2,792,483	2,787,664	3,124	1,695
11,956,671	11,516,850	10,956,175	-	560,675
2,517,191	1,937,130	1,937,130	-	-
5,000	592,841	587,841	-	5,000
<u>52,074,025</u>	<u>52,081,805</u>	<u>50,500,490</u>	<u>513,825</u>	<u>1,067,490</u>
<u>(4,343,781)</u>	<u>(4,351,561)</u>	<u>(1,285,334)</u>	<u>(513,825)</u>	<u>2,552,402</u>
-	-	7,951	-	7,951
1,346,272	1,346,272	1,343,000	-	(3,272)
(108,000)	(710,220)	(676,191)	-	34,029
<u>1,238,272</u>	<u>636,052</u>	<u>674,760</u>	<u>-</u>	<u>38,708</u>
(3,105,509)	(3,715,509)	(610,574)	\$ (513,825)	\$ 2,591,110
<u>3,105,509</u>	<u>3,715,509</u>	<u>9,722,696</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,112,122</u>		

Putnam Valley Central School District, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 33,180,010	\$ 33,732,794	\$ 33,674,768	\$ (58,026)
OTHER TAX ITEMS				
School tax relief reimbursement	4,300,000	3,747,216	3,747,216	-
Interest and penalties on real property taxes	45,000	45,000	46,793	1,793
	<u>4,345,000</u>	<u>3,792,216</u>	<u>3,794,009</u>	<u>1,793</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	-	-	78,011	78,011
CHARGES FOR SERVICES				
Day school tuition	75,000	75,000	118,662	43,662
Other student fees and charges	190,000	190,000	23,639	(166,361)
	<u>265,000</u>	<u>265,000</u>	<u>142,301</u>	<u>(122,699)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	175,000	175,000	257,084	82,084
Commissions	-	-	140	140
	<u>175,000</u>	<u>175,000</u>	<u>257,224</u>	<u>82,224</u>

STATE AID

Basic formula	7,791,328	7,474,731	7,786,335	311,604
BOCES aid	1,399,897	1,399,897	1,458,259	58,362
Textbook aid	100,000	100,000	101,196	1,196
Lottery aid	1,650,000	1,874,316	1,874,316	-
Computer software aid	45,613	45,262	45,262	-
Library materials aid	13,162	10,381	10,381	-
Tuition aid for students with disabilities	-	95,413	95,413	-
	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,371,162</u>	<u>371,162</u>

MISCELLANEOUS

Refund of prior year's expenditures	90,000	90,000	161,874	71,874
Refund of prior year's BOCES expenditures	75,000	75,000	133,476	58,476
Unclassified	50,000	50,000	81,225	31,225
	<u>215,000</u>	<u>215,000</u>	<u>376,575</u>	<u>161,575</u>

TOTAL REVENUES

	<u>49,180,010</u>	<u>49,180,010</u>	<u>49,694,050</u>	<u>514,040</u>
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OTHER FINANCING SOURCES

Insurance recoveries	-	-	7,203	7,203
Transfers in				
Debt Service Fund	1,000,000	1,000,000	500,000	(500,000)
	<u>1,000,000</u>	<u>1,000,000</u>	<u>507,203</u>	<u>(492,797)</u>

TOTAL OTHER FINANCING SOURCES

	<u>1,000,000</u>	<u>1,000,000</u>	<u>507,203</u>	<u>(492,797)</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 50,180,010</u>	<u>\$ 50,180,010</u>	<u>\$ 50,201,253</u>	<u>\$ 21,243</u>
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See independent auditors' report.

Putnam Valley Central School District, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 26,100	\$ 25,300	\$ 19,499	\$ 985	\$ 4,816
District clerk	15,975	17,624	17,624	-	-
District meeting	24,795	33,558	19,717	-	13,841
Total Board of Education	<u>66,870</u>	<u>76,482</u>	<u>56,840</u>	<u>985</u>	<u>18,657</u>
CENTRAL ADMINISTRATION					
Chief school administrator	<u>382,869</u>	<u>382,373</u>	<u>380,418</u>	<u>-</u>	<u>1,955</u>
FINANCE					
Business administration	277,060	283,700	283,700	-	-
Auditing	110,000	100,185	100,185	-	-
Treasurer	167,000	172,870	171,770	1,100	-
Tax collector	111,258	116,213	112,450	-	3,763
Fiscal agent fees	28,060	28,060	12,393	9,457	6,210
Total Finance	<u>693,378</u>	<u>701,028</u>	<u>680,498</u>	<u>10,557</u>	<u>9,973</u>
STAFF					
Legal	100,000	89,726	40,482	49,244	-
Personnel	194,159	193,556	182,437	5,395	5,724
Public information and services	30,305	30,909	30,909	-	-
Total Staff	<u>324,464</u>	<u>314,191</u>	<u>253,828</u>	<u>54,639</u>	<u>5,724</u>

CENTRAL SERVICES

Operation and maintenance of plant	<u>2,796,004</u>	<u>3,414,734</u>	<u>2,562,660</u>	<u>704,257</u>	<u>147,817</u>
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SPECIAL ITEMS

Unallocated insurance	198,900	231,821	231,821	-	-
School association dues	15,000	17,207	16,249	-	958
Judgments and claims	75,000	63,976	43,841	20,135	-
Administrative charges - BOCES	<u>317,146</u>	<u>380,718</u>	<u>380,718</u>	<u>-</u>	<u>-</u>

Total Special Items	<u>606,046</u>	<u>693,722</u>	<u>672,629</u>	<u>20,135</u>	<u>958</u>
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Total General Support	<u>4,869,631</u>	<u>5,582,530</u>	<u>4,606,873</u>	<u>790,573</u>	<u>185,084</u>
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	301,581	244,431	193,531	13,167	37,733
Supervision - Regular school	<u>1,999,956</u>	<u>2,036,293</u>	<u>1,894,429</u>	<u>2,050</u>	<u>139,814</u>

Total Instruction, Administration and Improvement	<u>2,301,537</u>	<u>2,280,724</u>	<u>2,087,960</u>	<u>15,217</u>	<u>177,547</u>
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TEACHING - REGULAR SCHOOL	<u>14,662,100</u>	<u>13,626,375</u>	<u>13,277,036</u>	<u>146,002</u>	<u>203,337</u>
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PROGRAMS FOR STUDENTS WITH DISABILITIES	<u>7,840,613</u>	<u>7,399,382</u>	<u>7,068,736</u>	<u>31,179</u>	<u>299,467</u>
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INSTRUCTIONAL MEDIA

School library and audiovisual	202,921	262,460	218,234	34,994	9,232
Computer assisted instruction	<u>1,411,132</u>	<u>2,282,504</u>	<u>1,990,777</u>	<u>233,766</u>	<u>57,961</u>

Total Instructional Media	<u>1,614,053</u>	<u>2,544,964</u>	<u>2,209,011</u>	<u>268,760</u>	<u>67,193</u>
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(Continued)

Putnam Valley Central School District, New York

General Fund

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

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
PUPIL SERVICES					
Guidance - Regular school	\$ 644,540	\$ 653,607	\$ 615,453	\$ 13,154	\$ 25,000
Health services - Regular school	336,021	325,722	314,711	5,836	5,175
Psychological services - Regular school	459,113	459,113	358,889	-	100,224
Pupil personnel services - Special schools	764,054	855,607	752,841	48,766	54,000
Co-curricular activities - Regular school	327,650	254,344	235,737	3,435	15,172
Interscholastic activities - Regular school	951,709	1,018,648	821,435	97,611	99,602
Total Pupil Services	3,483,087	3,567,041	3,099,066	168,802	299,173
Total Instruction	29,901,390	29,418,486	27,741,809	629,960	1,046,717
PUPIL TRANSPORTATION					
District transportation services	1,145,526	992,373	960,743	280	31,350
Contract transportation	1,800,000	1,945,416	1,945,416	-	-
Total Pupil Transportation	2,945,526	2,937,789	2,906,159	280	31,350
EMPLOYEE BENEFITS					
State retirement	908,966	835,687	620,270	-	215,417
Teachers' retirement	2,107,586	1,762,036	1,762,035	-	1
Social security	2,235,936	2,204,336	1,872,426	-	331,910
Workers' compensation benefits	145,000	149,342	149,342	-	-
Life insurance	12,445	8,445	8,333	-	112
Unemployment benefits	25,000	29,000	28,600	-	400
Hospital, medical and dental insurance	5,896,440	5,885,890	5,858,000	-	27,890
Union welfare benefits	518,000	518,000	517,998	-	2
Incentive and sick time payout	-	233,985	158,279	-	75,706
Total Employee Benefits	11,849,373	11,626,721	10,975,283	-	651,438

DEBT SERVICE

Principle

Serial bonds	2,485,053	1,555,000	1,555,000	-	-
Energy performance contract	-	383,294	383,294	-	-
Installment purchase debt	25,000	25,000	21,821	-	3,179

	<u>2,510,053</u>	<u>1,963,294</u>	<u>1,960,115</u>	<u>-</u>	<u>3,179</u>
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Interest

Serial bonds	-	326,125	326,125	-	-
Bond anticipation notes	4,862	4,862	4,861	-	1
Energy performance contract	-	220,634	220,634	-	-

	<u>4,862</u>	<u>551,621</u>	<u>551,620</u>	<u>-</u>	<u>1</u>
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Total Debt Service	<u>2,514,915</u>	<u>2,514,915</u>	<u>2,511,735</u>	<u>-</u>	<u>3,180</u>
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TOTAL EXPENDITURES	<u>52,080,835</u>	<u>52,080,441</u>	<u>48,741,859</u>	<u>1,420,813</u>	<u>1,917,769</u>
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OTHER FINANCING USES

Transfers out

Special Aid Fund	83,000	83,394	83,394	-	-
Debt Service Fund	30,000	30,000	-	-	30,000

TOTAL OTHER FINANCING USES	<u>113,000</u>	<u>113,394</u>	<u>83,394</u>	<u>-</u>	<u>30,000</u>
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TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 52,193,835</u>	<u>\$ 52,193,835</u>	<u>\$ 48,825,253</u>	<u>\$ 1,420,813</u>	<u>\$ 1,947,769</u>
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See independent auditors' report.

Putnam Valley Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 75,431	\$ 254,943
State and Federal aid receivable	<u>710,573</u>	<u>747,759</u>
Total Assets	<u>\$ 786,004</u>	<u>\$ 1,002,702</u>
LIABILITIES		
Due to other funds	<u>\$ 786,004</u>	<u>\$ 1,002,702</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Special Aid Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
State aid	\$ 333,575	\$ 264,763
Federal aid	<u>490,737</u>	<u>556,971</u>
Total Revenues	824,312	821,734
EXPENDITURES		
Current		
Instruction	<u>907,706</u>	<u>887,925</u>
Deficiency of Revenues Over Expenditures	(83,394)	(66,191)
OTHER FINANCING SOURCES		
Transfers in	<u>83,394</u>	<u>66,191</u>
Net Change in Fund Balance	-	-
FUND BALANCE		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

Putnam Valley Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Due from other funds	<u>\$ 3,535,883</u>	<u>\$ 4,004,668</u>
FUND BALANCE		
Restricted	<u>\$ 3,535,883</u>	<u>\$ 4,004,668</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Debt Service Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 31,215	\$ 7,376
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>31,215</u>	<u>7,376</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	3,272
Transfers out	<u>(500,000)</u>	<u>(1,343,000)</u>
Total Other Financing Uses	<u>(500,000)</u>	<u>(1,339,728)</u>
Net Change in Fund Balance	(468,785)	(1,332,352)
FUND BALANCE		
Beginning of Year	<u>4,004,668</u>	<u>5,337,020</u>
End of Year	<u>\$ 3,535,883</u>	<u>\$ 4,004,668</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Capital Projects Fund
 Comparative Balance Sheet
 June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 50,268	\$ 50,160
Restricted cash	-	1,298,970
Investments	2,773,464	272,378
State and Federal aid receivable	-	398,723
Due from other funds	<u>539,957</u>	<u>539,956</u>
 Total Assets	 <u><u>\$ 3,363,689</u></u>	 <u><u>\$ 2,560,187</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)		
Liabilities		
Bond anticipation notes payable	\$ 5,322,843	\$ 150,000
Due to other funds	<u>573,255</u>	<u>947,136</u>
 Total Liabilities	 5,896,098	 1,097,136
Deferred inflows of resources		
Deferred Federal and State aid	<u>-</u>	<u>398,723</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>5,896,098</u>	 <u>1,495,859</u>
Fund balance (Deficit)		
Restricted	-	1,064,328
Unassigned	<u>(2,532,409)</u>	<u>-</u>
 Total Fund Balance (Deficit)	 <u>(2,532,409)</u>	 <u>1,064,328</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	 <u><u>\$ 3,363,689</u></u>	 <u><u>\$ 2,560,187</u></u>

See independent auditors' report.

Putnam Valley Central School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
State aid	\$ 398,723	\$ -
EXPENDITURES		
Capital outlay	<u>4,095,867</u>	<u>6,358,689</u>
Deficiency of Revenues Over Expenditures	<u>(3,697,144)</u>	<u>(6,358,689)</u>
OTHER FINANCING SOURCES (USES)		
Installment purchase debt issued	100,407	-
Transfers in	-	610,000
Transfers out	<u>-</u>	<u>(3,272)</u>
Total Other Financing Sources	<u>100,407</u>	<u>606,728</u>
Net Change in Fund Balance	(3,596,737)	(5,751,961)
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>1,064,328</u>	<u>6,816,289</u>
End of Year	<u>\$ (2,532,409)</u>	<u>\$ 1,064,328</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through June 30, 2020

PROJECT	Project Budget	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
General Reconstruction				
General Reconstruction	\$ 1,617,676	\$ 1,585,367	\$ -	\$ 1,585,367
Middle School Roof	257,000	257,000	-	257,000
Middle School Elevator	140,674	140,674	-	140,674
Window Replacements	17,850	-	-	-
HVAC	111,325	111,325	-	111,325
Boiler	39,900	39,900	-	39,900
Paving	65,575	65,575	-	65,575
	<u>2,250,000</u>	<u>2,199,841</u>	<u>-</u>	<u>2,199,841</u>
Smart Schools Bond Act	915,998	398,723	-	398,723
Energy Performance Project	6,921,212	5,628,211	1,293,001	6,921,212
School Buses	500,000	149,711	172,843	322,554
Backhoe Vehicle	100,407	-	100,407	100,407
Capital Facilities				
Middle School and District-Wide Improvements	<u>14,810,000</u>	<u>340,398</u>	<u>2,529,616</u>	<u>2,870,014</u>
Totals	<u>\$ 25,497,617</u>	<u>\$ 8,716,884</u>	<u>\$ 4,095,867</u>	<u>\$ 12,812,751</u>

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Unexpended Balance	Methods of Financing				Fund Balance (Deficit) at June 30, 2020	Bond Anticipation Notes Outstanding at June 30, 2020
	Interfund Transfers	Proceeds of Obligations	State and Federal Aid	Total		
\$ 32,309	\$ -	\$ 1,635,526	\$ -	\$ 1,635,526	\$ 50,159	\$ -
-	-	257,000	-	257,000	-	-
-	-	140,674	-	140,674	-	-
17,850	-	-	-	-	-	-
-	-	111,325	-	111,325	-	-
-	-	39,900	-	39,900	-	-
-	-	65,575	-	65,575	-	-
<u>50,159</u>	<u>-</u>	<u>2,250,000</u>	<u>-</u>	<u>2,250,000</u>	<u>50,159</u>	<u>-</u>
517,275	-	-	398,723	398,723	-	-
-	-	6,921,212	-	6,921,212	-	-
177,446	-	-	-	-	(322,554)	322,843
-	-	100,407	-	100,407	-	-
<u>11,939,986</u>	<u>610,000</u>	<u>-</u>	<u>-</u>	<u>610,000</u>	<u>(2,260,014)</u>	<u>5,000,000</u>
<u>\$ 12,684,866</u>	<u>\$ 610,000</u>	<u>\$ 9,271,619</u>	<u>\$ 398,723</u>	<u>\$ 10,280,342</u>	<u>\$ (2,532,409)</u>	<u>\$ 5,322,843</u>

Putnam Valley Central School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2020
 (With Comparative Totals for 2019)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2020	2019
ASSETS				
Cash and equivalents	\$ 289,090	\$ 83,143	\$ 372,233	\$ 309,701
Receivables				
Accounts	470	-	470	261
State and Federal aid	35,867	-	35,867	16,276
Due from other funds	-	31,170	31,170	34,506
	<u>36,337</u>	<u>31,170</u>	<u>67,507</u>	<u>51,043</u>
Inventories	<u>15,423</u>	<u>-</u>	<u>15,423</u>	<u>10,348</u>
Total Assets	<u>\$ 340,850</u>	<u>\$ 114,313</u>	<u>\$ 455,163</u>	<u>\$ 371,092</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 15,277	\$ -	\$ 15,277	\$ 13,418
Due to other funds	-	-	-	4,900
Due to other governments	68	-	68	366
Total Liabilities	<u>15,345</u>	<u>-</u>	<u>15,345</u>	<u>18,684</u>
Fund balances				
Nonspendable	15,423	-	15,423	10,348
Restricted	-	114,313	114,313	107,144
Assigned	<u>310,082</u>	<u>-</u>	<u>310,082</u>	<u>234,916</u>
Total Fund Balances	<u>325,505</u>	<u>114,313</u>	<u>439,818</u>	<u>352,408</u>
Total Liabilities and Fund Balances	<u>\$ 340,850</u>	<u>\$ 114,313</u>	<u>\$ 455,163</u>	<u>\$ 371,092</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2020
(With Comparative Totals for 2019)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2020	2019
REVENUES				
Use of money and property	\$ 328	\$ 77	\$ 405	\$ 504
State aid	8,562	-	8,562	9,868
Federal aid	214,255	-	214,255	233,407
Food sales	332,810	-	332,810	466,960
Miscellaneous	1,838	89,967	91,805	148,472
Total Revenues	557,793	90,044	647,837	859,211
EXPENDITURES				
Current				
Cost of food sales	477,552	-	477,552	697,885
Other	-	82,875	82,875	128,391
Total Expenditures	477,552	82,875	560,427	826,276
Excess of Revenues Over Expenditures	80,241	7,169	87,410	32,935
FUND BALANCES				
Beginning of Year	245,264	107,144	352,408	319,473
End of Year	\$ 325,505	\$ 114,313	\$ 439,818	\$ 352,408

See independent auditors' report.

Putnam Valley Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 289,090</u>	<u>\$ 218,836</u>
Receivables		
Accounts	470	170
State and Federal aid	<u>35,867</u>	<u>16,276</u>
	<u>36,337</u>	<u>16,446</u>
Inventories	<u>15,423</u>	<u>10,348</u>
Total Assets	<u><u>\$ 340,850</u></u>	<u><u>\$ 245,630</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 15,277	\$ -
Due to other governments	<u>68</u>	<u>366</u>
Total Liabilities	<u>15,345</u>	<u>366</u>
Fund balance		
Nonspendable	15,423	10,348
Assigned	<u>310,082</u>	<u>234,916</u>
Total Fund Balance	<u>325,505</u>	<u>245,264</u>
Total Liabilities and Fund Balance	<u><u>\$ 340,850</u></u>	<u><u>\$ 245,630</u></u>

See independent auditors' report.

Putnam Valley Central School District, New York

School Lunch Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 328	\$ 408
State aid	8,562	9,868
Federal aid	214,255	233,407
Food sales	332,810	466,960
Miscellaneous	<u>1,838</u>	<u>4,640</u>
 Total Revenues	 557,793	 715,283
 EXPENDITURES		
Current		
Cost of food sales	<u>477,552</u>	<u>697,885</u>
 Excess of Revenues Over Expenditures	 80,241	 17,398
 FUND BALANCE		
Beginning of Year	<u>245,264</u>	<u>227,866</u>
 End of Year	 <u>\$ 325,505</u>	 <u>\$ 245,264</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 83,143	\$ 90,865
Accounts receivable	-	91
Due from other funds	<u>31,170</u>	<u>34,506</u>
 Total Assets	 <u>\$ 114,313</u>	 <u>\$ 125,462</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 13,418
Due to other funds	<u>-</u>	<u>4,900</u>
 Total Liabilities	 -	 18,318
 Fund balance		
Restricted	<u>114,313</u>	<u>107,144</u>
 Total Liabilities and Fund Balance	 <u>\$ 114,313</u>	 <u>\$ 125,462</u>

See independent auditors' report.

Putnam Valley Central School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 77	\$ 96
Miscellaneous	<u>89,967</u>	<u>143,832</u>
Total Revenues	90,044	143,928
EXPENDITURES		
Current		
Other	<u>82,875</u>	<u>128,391</u>
Excess of Revenues Over Expenditures	7,169	15,537
FUND BALANCE		
Beginning of Year	<u>107,144</u>	<u>91,607</u>
End of Year	<u><u>\$ 114,313</u></u>	<u><u>\$ 107,144</u></u>

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Putnam Valley Central School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2020

Adopted Budget		\$ 51,680,010
Encumbrances		<u>513,825</u>
Original Budget		52,193,835
Budget Amendments		<u>-</u>
Final Budget		<u><u>\$ 52,193,835</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2020-21 Expenditure Budget		<u>\$ 51,907,863</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	2,804,427	
Unassigned fund balance	<u>1,736,866</u>	
Total Unrestricted Fund Balance		<u>4,541,293</u>
Less		
Appropriated for subsequent year's budget	1,080,000	
Encumbrances	<u>1,420,813</u>	
Total Adjustments		<u>2,500,813</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,040,480</u></u>
Actual Percentage		<u><u>3.93%</u></u>

See independent auditors' report.

Putnam Valley Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2020

Capital Assets, net		\$ 38,923,350
Less		
Bonds Payable	(6,134,911)	
Energy Performance Contract Payable	(6,165,788)	
Unamortized Portion of Premium on Bonds	(1,052,395)	
Bond Anticipation Notes Payable	<u>(5,322,843)</u>	(18,675,937)
Plus		
Unexpended Bond Proceeds	50,159	
Unamortized Portion of Loss on Refunding Bonds	<u>213,835</u>	<u>263,994</u>
Net Investment in Capital Assets		<u>\$ 20,511,407</u>

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