

**Putnam Valley Central School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2019



# Putnam Valley Central School District, New York

## Table of Contents

---

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Aid Funds	23
Statement of Assets and Liabilities - Fiduciary Fund	25
Notes to Financial Statements	26
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	54
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	55
Schedule of Contributions	56
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	57
Schedule of Contributions	58
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	59
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60
Schedule of Revenues and Other Financing Sources Compared to Budget	62
Schedule of Expenditures and Other Financing Uses Compared to Budget	64
Special Aid Fund	
Comparative Balance Sheet	68
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	69

## Putnam Valley Central School District, New York

### Table of Contents (Concluded)

---

	<u>Page No.</u>
Debt Service Fund	
Comparative Balance Sheet	71
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	72
Capital Projects Fund	
Comparative Balance Sheet	73
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	74
Project-Length Schedule	75
Non-Major Governmental Funds	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
School Lunch Fund	
Comparative Balance Sheet	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	80
Special Purpose Fund	
Comparative Balance Sheet	81
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	82
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	83
Section 1318 of Real Property Tax Law Limit Calculation	83
Schedule of Net Investment in Capital Assets	84
Federal Programs	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	87
Schedule of Expenditures of Federal Awards	89
Notes to Schedule of Expenditures of Federal Awards	90
Summary Schedule of Prior Audit Findings	91
Schedule of Findings and Questioned Costs	92



## 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, 2019, 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, 2019, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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, 2019 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 and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* 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.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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, 2019 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, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated September 20, 2018, 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, 2018 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 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019 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 23, 2019

(This page intentionally left blank)

# Putnam Valley Central School District, New York

Management's Discussion and Analysis (MD&A)  
June 30, 2019

---

## 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, 2019. 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 2019 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 \$2,067,638. This amount represents 4%.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$14,533,526, a decrease of \$7,661,952 from the prior year. The decrease represents the EPC project expended during 2018-19 from the Capital Projects Fund. Exclusive of the Capital Projects Fund amount of \$1,064,328, the combined ending fund balances are \$13,469,198. Of this amount, the unassigned fund balance is \$2,067,638. 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 \$27,657,250. The School District's total net position decreased by \$1,437,080 for the year ended June 30, 2019.
- At June 30, 2019, the School District reported in its Statement of Net Position a liability of \$1,100,865 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 \$2,190,356 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 \$27,657,250 at the close of the current fiscal year.

## Net Position

### Net Position

	June 30,	
	2019	2018
Current Assets	\$ 19,366,854	\$ 25,873,937
Net Pension Asset	2,190,356	896,824
Capital Assets, net	35,773,852	30,237,049
<b>Total Assets</b>	<b>57,331,062</b>	<b>57,007,810</b>
Deferred Outflows of Resources		
Deferred amounts on pensions	19,888,406	13,542,634
Deferred amounts on refunding	265,286	316,736
	20,153,692	13,859,370
Current Liabilities	4,536,169	5,761,683
Non-Current Liabilities	96,839,404	86,546,586
<b>Total Liabilities</b>	<b>101,375,573</b>	<b>92,308,269</b>
Deferred Inflows of Resources		
Deferred amounts on pensions	3,766,431	4,779,081
<b>Net Position</b>		
Net investment in capital assets	21,801,179	20,218,820
Restricted for		
Future capital projects	1,000,986	1,367,734
Repairs	30,645	30,599
Special purpose	107,144	91,607
Property loss and liability	127,604	127,412
Tax certiorari	740,223	967,876
Debt service	4,004,668	5,337,020
Retirement contributions	2,724,711	2,317,984
Unrestricted	(58,194,410)	(56,679,222)
<b>Total Net Position</b>	<b>\$ (27,657,250)</b>	<b>\$ (26,220,170)</b>

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, 2019, 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.

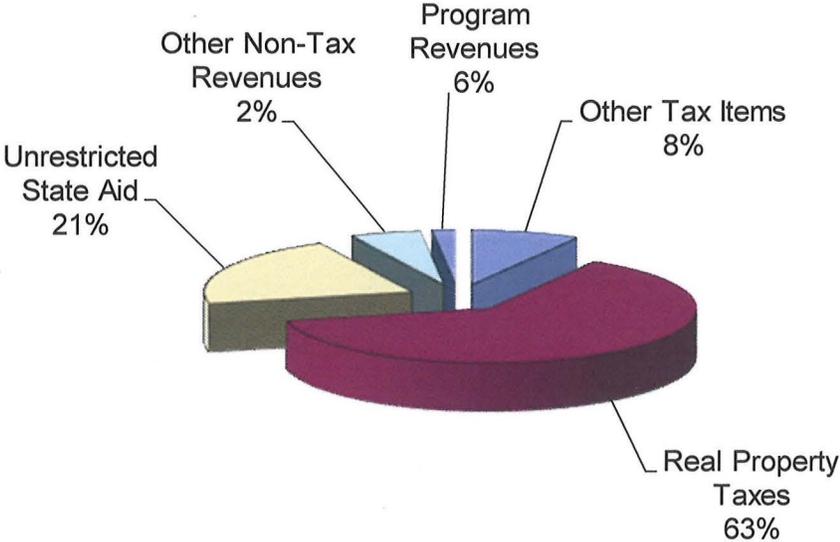
The restricted net position subject to external restrictions constitute is \$8,735,981.

Net position decreased by \$1,437,080 for the year ended June 30, 2019.

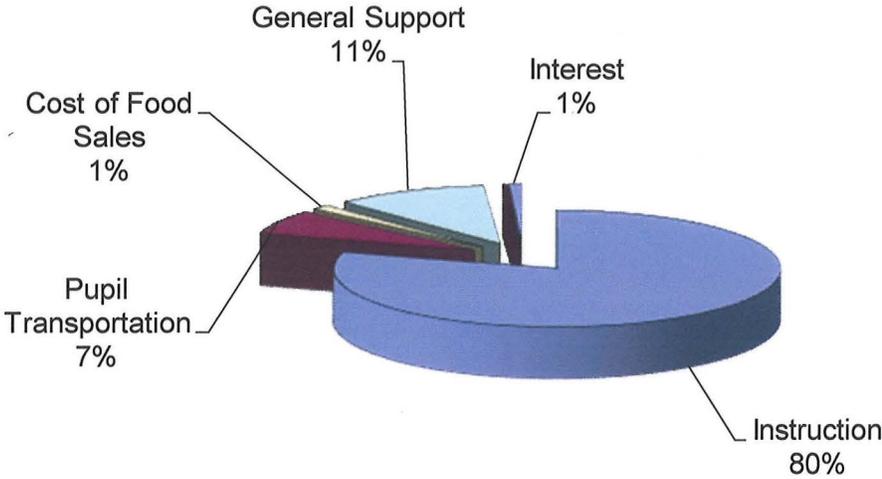
### Changes in Net Position

	Years Ended June 30,	
	2019	2018
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 925,818	\$ 781,700
Operating Grants and Contributions	1,852,816	1,518,605
Capital Grants and Contributions	9,428	3,933
Total Program Revenues	2,788,062	2,304,238
<b>General Revenues</b>		
Real Property Taxes	32,399,040	31,164,016
Other Tax Items	4,338,255	4,602,321
Non-Property Taxes	55,666	53,856
Unrestricted Earnings on Investments	377,761	272,134
Unrestricted State Aid	10,848,832	10,259,883
Insurance Recoveries	7,951	-
Miscellaneous	494,584	264,485
Total General Revenues	48,522,089	46,616,695
Total Revenues	51,310,151	48,920,933
<b>Program Expenses</b>		
General Support	5,861,092	6,239,934
Instruction	42,003,345	39,655,046
Pupil Transportation	3,556,424	2,900,187
Cost of Food Sales	695,238	764,225
Other	128,391	230,475
Interest	502,741	415,691
Total Program Expenditures	52,747,231	50,205,558
Change in Net Position	(1,437,080)	(1,284,625)
<b>Net Position</b>		
Beginning - as reported	(26,220,170)	32,526,349
Cumulative effect of Change in Accounting Principle	-	(57,461,894)
Beginning - as restated	(26,220,170)	(24,935,545)
Ending	\$ (27,657,250)	\$ (26,220,170)

**Revenues by Sources for Fiscal Year 2019**



**Expenses for Fiscal Year 2019  
Governmental Activities**



## The major changes are as follows:

### Revenues

- The School District relies upon real property taxes (63%) 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.
- Charges for Services: In 2018-19 there were out-of-district student tuitions received who attend the Putnam Valley School district programs
- Use of money and property: There was an increase in this category due to higher interest earnings 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; Excess Cost Aid increased and this category of aid is dependent upon aid claimed on students with disabilities which can vary from year to year.

### Expenditures

- General Government Support: In 2017-18 there were expenses directly related to the new modular Administrative Building due to new construction.
- Instruction: Current year increase is due to retirement incentive accrual of approximately \$200,000. There were contractual salary increases and some instructional positions during the year due to professional staff on-leave. Furthermore, there were additional BOCES students in comparison to last year.
- Pupil Transportation: There was a change in High School start time that required additional busses and monitors.
- Debt Service: In the current year, the BOND principal and interest amount was budgeted paid out of General Fund.

### 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 \$14,533,526 a decrease of \$7,661,952 from the prior year. Of this amount, the *unassigned* fund balance of \$2,067,638 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 \$272,121 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 \$10,645,026 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 \$740,223, employee benefit accrued liability

\$644,717, employee benefit accrued liability for subsequent year's expenditures \$200,000, retirement contributions \$2,224,711, retirement contributions for subsequent year's expenditures \$500,000, property loss and liability of \$127,604, repairs restriction of \$30,645, future capital projects of \$1,000,986, debt service \$4,004,668, and capital projects \$1,064,328. The assigned fund balance of \$1,548,471 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 \$513,825 and a designation for subsequent year's expenditures of \$800,000.

### 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 \$9,112,122, of which \$2,067,638 or 4% 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 \$1,489,591 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 \$513,825 expenditure savings were \$1,101,519. Savings were exhibited throughout the budget. General Support, Instruction and Employee Benefits.

The original General Fund budget anticipated the use of \$3,105,509 of fund balance; \$887,106 from prior year encumbrances and \$2,218,403 from assigned fund balance.

### Capital Assets

At June 30, 2019, the School District had \$35,773,852, 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	6,010,028	17,850
Buildings and Improvements	24,656,054	25,190,889
Machinery and Equipment	2,216,570	2,137,110
Total Capital Assets, net of accumulated depreciation	\$ 35,773,852	\$ 30,237,049

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>2019</u>	<u>2018</u>
General Obligation Bonds payable	\$ 8,882,326	\$ 10,587,346
Energy Performance Contract Payable	6,549,082	6,921,212
Compensated Absences	644,716	477,334
Net Pension Liability	1,100,865	580,338
Other Post Employment Benefit Obligations Payable	<u>79,662,415</u>	<u>69,965,486</u>
	<u>\$ 96,839,404</u>	<u>\$ 88,531,716</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, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 1,785,209
Restricted cash	1,298,970
Investments	13,091,243
Receivables	
Accounts	278,341
State and Federal aid	1,393,431
Due from other governments	1,247,539
Inventories	10,348
Prepaid expenses	261,773
Net pension asset	2,190,356
Capital assets	
Not being depreciated	8,901,228
Being depreciated, net	26,872,624
	<hr/>
Total Assets	57,331,062
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	20,153,692
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	1,277,769
Accrued liabilities	555,957
Bond anticipation notes payable	150,000
Due to other governments	366
Due to retirement systems	2,450,513
Accrued interest payable	101,564
Non-current liabilities	
Due within one year	2,002,294
Due in more than one year	94,837,110
	<hr/>
Total Liabilities	101,375,573
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,766,431
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	21,801,179
Restricted	
Future capital projects	1,000,986
Repairs	30,645
Special purpose	107,144
Property loss and liability	127,604
Tax certiorari	740,223
Debt service	4,004,668
ERS Retirement contributions	2,320,711
TRS Retirement contributions	404,000
Unrestricted	(58,194,410)
	<hr/>
Total Net Position	\$ (27,657,250)
	<hr/>

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General support	\$ 5,861,092	\$ 82	\$ 3,665	\$ -
Instruction	42,003,345	458,776	1,456,900	-
Pupil transportation	3,556,424	-	-	-
Cost of food sales	695,238	466,960	248,323	-
Other	128,391	-	143,928	-
Interest	502,741	-	-	9,428
<b>Total Governmental Activities</b>	<b>\$ 52,747,231</b>	<b>\$ 925,818</b>	<b>\$ 1,852,816</b>	<b>\$ 9,428</b>

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

---

\$ (5,857,345)  
(40,087,669)  
(3,556,424)  
20,045  
15,537  
(493,313)

---

(49,959,169)

---

32,399,040

4,289,742  
48,513

55,666  
377,761  
10,848,832  
7,951  
494,584

---

48,522,089

---

(1,437,080)

(26,220,170)

---

\$ (27,657,250)

Putnam Valley Central School District, New York

Balance Sheet  
 Governmental Funds  
 June 30, 2019

	General	Special Aid	Debt Service
<b>ASSETS</b>			
Cash and equivalents	\$ 1,170,405	\$ 254,943	\$ -
Restricted cash	-	-	-
Investments	12,818,865	-	-
Receivables			
Accounts	278,080	-	-
State and Federal aid	230,673	747,759	-
Due from other governments	1,247,539	-	-
Due from other funds	1,406,325	-	4,004,668
Inventories	-	-	-
Prepaid expenditures	261,773	-	-
	<u>17,413,660</u>	<u>1,002,702</u>	<u>4,004,668</u>
Total Assets	<u>\$ 17,413,660</u>	<u>\$ 1,002,702</u>	<u>\$ 4,004,668</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,264,351	\$ -	\$ -
Accrued liabilities	555,957	-	-
Bond anticipation notes payable	-	-	-
Due to other funds	4,030,717	1,002,702	-
Due to other governments	-	-	-
Due to retirement systems	2,450,513	-	-
	<u>8,301,538</u>	<u>1,002,702</u>	<u>-</u>
Total Liabilities	<u>8,301,538</u>	<u>1,002,702</u>	<u>-</u>
Deferred inflows of resources			
Deferred revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,301,538</u>	<u>1,002,702</u>	<u>-</u>
Fund balances			
Nonspendable	261,773	-	-
Restricted	5,468,886	-	4,004,668
Assigned	1,313,825	-	-
Unassigned	2,067,638	-	-
	<u>9,112,122</u>	<u>-</u>	<u>4,004,668</u>
Total Fund Balances	<u>9,112,122</u>	<u>-</u>	<u>4,004,668</u>
	<u>\$ 17,413,660</u>	<u>\$ 1,002,702</u>	<u>\$ 4,004,668</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,413,660</u>	<u>\$ 1,002,702</u>	<u>\$ 4,004,668</u>

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 50,160	\$ 309,701	\$ 1,785,209
1,298,970	-	1,298,970
272,378	-	13,091,243
-	261	278,341
398,723	16,276	1,393,431
-	-	1,247,539
539,956	34,506	5,985,455
-	10,348	10,348
-	-	261,773
<u>\$ 2,560,187</u>	<u>\$ 371,092</u>	<u>\$ 25,352,309</u>
\$ -	\$ 13,418	\$ 1,277,769
-	-	555,957
150,000	-	150,000
947,136	4,900	5,985,455
-	366	366
-	-	2,450,513
<u>1,097,136</u>	<u>18,684</u>	<u>10,420,060</u>
<u>398,723</u>	<u>-</u>	<u>398,723</u>
<u>1,495,859</u>	<u>18,684</u>	<u>10,818,783</u>
-	10,348	272,121
1,064,328	107,144	10,645,026
-	234,916	1,548,741
-	-	2,067,638
<u>1,064,328</u>	<u>352,408</u>	<u>14,533,526</u>
<u>\$ 2,560,187</u>	<u>\$ 371,092</u>	<u>\$ 25,352,309</u>

(This page intentionally left blank)

**Putnam Valley Central School District, New York**

Reconciliation of Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Position  
June 30, 2019

---

Fund Balances - Total Governmental Funds	<u>\$ 14,533,526</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>35,773,852</u>
Governmental funds do not report the effect of losses on refunding bonds, assets or liabilities related to net pension assets (liabilities) and other post employment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	265,286
Deferred amounts on net pension liabilities	8,429,946
Deferred amounts on other post employment benefit obligations	<u>7,692,029</u>
	<u>16,387,261</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>2,190,356</u>
Other long-term assets that are not available to pay for current-period expenditures are deferred in the funds	
Deferred revenues - State and Federal aid	<u>398,723</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(101,564)
Bonds payable	(8,882,326)
Energy performance contract payable	(6,549,082)
Net pension liabilities	(1,100,865)
Compensated absences	(644,716)
Other post employment benefit obligations payable	<u>(79,662,415)</u>
	<u>(96,940,968)</u>
Net Position of Governmental Activities	<u><u>\$ (27,657,250)</u></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, 2019

	General	Special Aid	Debt Service	Capital Projects
<b>REVENUES</b>				
Real property taxes	\$ 32,399,040	\$ -	\$ -	\$ -
Other tax items	4,338,255	-	-	-
Non-property taxes	55,666	-	-	-
Charges for services	458,776	-	-	-
Use of money and property	383,560	-	7,376	-
State aid	11,085,275	264,763	-	-
Federal aid	-	556,971	-	-
Food sales	-	-	-	-
Miscellaneous	494,584	-	-	-
<b>Total Revenues</b>	<b>49,215,156</b>	<b>821,734</b>	<b>7,376</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General support	4,693,773	-	-	-
Instruction	29,537,907	887,925	-	-
Pupil transportation	2,787,664	-	-	-
Employee benefits	10,956,175	-	-	-
Cost of food sales	-	-	-	-
Other	-	-	-	-
Debt service				
Principal	1,937,130	-	-	-
Interest	587,841	-	-	-
Capital outlay	-	-	-	6,358,689
<b>Total Expenditures</b>	<b>50,500,490</b>	<b>887,925</b>	<b>-</b>	<b>6,358,689</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,285,334)	(66,191)	7,376	(6,358,689)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	7,951	-	-	-
Transfers in	1,343,000	66,191	3,272	610,000
Transfers out	(676,191)	-	(1,343,000)	(3,272)
<b>Total Other Financing Sources (Uses)</b>	<b>674,760</b>	<b>66,191</b>	<b>(1,339,728)</b>	<b>606,728</b>
<b>Net Change in Fund Balances</b>	<b>(610,574)</b>	<b>-</b>	<b>(1,332,352)</b>	<b>(5,751,961)</b>
<b>FUND BALANCES</b>				
Beginning of Year	9,722,696	-	5,337,020	6,816,289
End of Year	<u>\$ 9,112,122</u>	<u>\$ -</u>	<u>\$ 4,004,668</u>	<u>\$ 1,064,328</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 32,399,040
-	4,338,255
-	55,666
-	458,776
504	391,440
9,868	11,359,906
233,407	790,378
466,960	466,960
148,472	643,056
<u>859,211</u>	<u>50,903,477</u>
-	4,693,773
-	30,425,832
-	2,787,664
-	10,956,175
697,885	697,885
128,391	128,391
-	1,937,130
-	587,841
-	6,358,689
<u>826,276</u>	<u>58,573,380</u>
<u>32,935</u>	<u>(7,669,903)</u>
-	7,951
-	2,022,463
-	(2,022,463)
<u>-</u>	<u>7,951</u>
32,935	(7,661,952)
<u>319,473</u>	<u>22,195,478</u>
<u>\$ 352,408</u>	<u>\$ 14,533,526</u>

(This page intentionally left blank)

## 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, 2019

---

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (7,661,952)</u>
<p>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.</p>	
Capital outlay expenditures	6,700,285
Depreciation expense	<u>(1,163,482)</u>
	<u>5,536,803</u>
<p>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.</p>	
Principal paid on serial bonds	1,565,000
Principal paid on energy performance contract	372,130
Amortization of loss on refunding bonds and issuance premium	<u>88,570</u>
	<u>2,025,700</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenues - State and Federal aid	<u>398,723</u>
<p>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.</p>	
Accrued interest	(3,470)
Compensated absences	(167,382)
Pension liabilities	439,398
Other post employment benefit obligations	<u>(2,004,900)</u>
	<u>(1,736,354)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,437,080)</u></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 - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 32,099,594	\$ 32,454,733	\$ 32,399,040	\$ (55,693)
Other tax items	4,692,717	4,337,578	4,338,255	677
Non-property taxes	-	-	55,666	55,666
Charges for services	150,000	150,000	458,776	308,776
Use of money and property	120,000	120,000	383,560	263,560
State aid	10,472,933	10,472,933	11,085,275	612,342
Federal aid	-	-	-	-
Miscellaneous	195,000	195,000	494,584	299,584
<b>Total Revenues</b>	<b>47,730,244</b>	<b>47,730,244</b>	<b>49,215,156</b>	<b>1,484,912</b>
<b>EXPENDITURES</b>				
Current				
General support	5,058,070	5,338,271	4,693,773	644,498
Instruction	29,709,771	29,904,230	29,537,907	366,323
Pupil transportation	2,827,322	2,792,483	2,787,664	4,819
Employee benefits	11,956,671	11,516,850	10,956,175	560,675
Debt service				
Principle	2,517,191	1,937,130	1,937,130	-
Interest	5,000	592,841	587,841	5,000
<b>Total Expenditures</b>	<b>52,074,025</b>	<b>52,081,805</b>	<b>50,500,490</b>	<b>1,581,315</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,343,781)	(4,351,561)	(1,285,334)	3,066,227
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	-	-	7,951	7,951
Transfers in	1,346,272	1,346,272	1,343,000	(3,272)
Transfers out	(108,000)	(710,220)	(676,191)	34,029
<b>Total Other Financing Sources (Uses)</b>	<b>1,238,272</b>	<b>636,052</b>	<b>674,760</b>	<b>38,708</b>
<b>Net Change in Fund Balances</b>	<b>(3,105,509)</b>	<b>(3,715,509)</b>	<b>(610,574)</b>	<b>3,104,935</b>
<b>FUND BALANCES</b>				
Beginning of Year	3,105,509	3,715,509	9,722,696	6,007,187
End of Year	\$ -	\$ -	\$ 9,112,122	\$ 9,112,122

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

Special Aid Fund

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
264,763	264,763	264,763	-
569,319	571,374	556,971	(14,403)
-	-	-	-
<u>834,082</u>	<u>836,137</u>	<u>821,734</u>	<u>(14,403)</u>
-	-	-	-
927,082	929,137	887,925	41,212
-	-	-	-
-	-	-	-
-	-	-	-
<u>927,082</u>	<u>929,137</u>	<u>887,925</u>	<u>41,212</u>
<u>(93,000)</u>	<u>(93,000)</u>	<u>(66,191)</u>	<u>26,809</u>
-	-	-	-
93,000	93,000	66,191	(26,809)
-	-	-	-
<u>93,000</u>	<u>93,000</u>	<u>66,191</u>	<u>(26,809)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Putnam Valley Central School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2019

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 91,788
<b>LIABILITIES</b>	
Accounts payable	\$ 335
Student activity funds	<u>91,453</u>
Total Liabilities	<u>\$ 91,788</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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 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 30<sup>th</sup>.

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 17<sup>th</sup> 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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, 2019.

**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 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.

**Restricted Cash** - Restricted cash of the Capital Projects Fund consist of energy performance contract proceeds which are currently being held by U.S. BankCorp Government Leasing and Finance, Inc. These funds are to be used for the School's energy performance project.

**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, 2019, 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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.

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	\$ 744,212	\$ 482,565
New York State Teachers' Retirement System	11,452,165	3,283,866
Other Post Employment Benefits	7,692,029	-
Deferred Loss on Refunding Bonds	265,286	-
	<u>\$ 20,153,692</u>	<u>\$ 3,766,431</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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

The School District also reported deferred inflows of resources of \$398,723 in the Capital Projects Fund for State aid receivable that is not available.

**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 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:

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 and Special Aid funds. 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.

**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 23, 2019.

**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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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 and Special Aid funds.
- g) Budgets for the General and Special Aid funds 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 Debt Service, School Lunch or Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General and Special Aid funds 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

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

---

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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 deficit of \$149,711 in the School Bus project 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 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. This deficit will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

The deficit of \$398,723 in the Smart School Bond Act project arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the subsequent receipt of State aid.

**Note 3 - Detailed Notes on All Funds**

**A. Due From/To Other Funds**

The composition of interfund balances at June 30, 2019 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,406,325	\$ 4,030,717
Special Aid	-	1,002,702
Debt Service	4,004,668	-
Capital Projects	539,956	947,136
Non-Major Governmental	34,506	4,900
	<u>\$ 5,985,455</u>	<u>\$ 5,985,455</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.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

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

Class	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets, not being depreciated				
Land	\$ 2,891,200	\$ -	\$ -	\$ 2,891,200
Construction-in-Progress	17,850	6,010,028	17,850	6,010,028
Total Capital Assets, not being depreciated	\$ 2,909,050	\$ 6,010,028	\$ 17,850	\$ 8,901,228
Capital Assets, being depreciated				
Buildings and Improvements	\$ 40,348,883	\$ 380,858	\$ -	\$ 40,729,741
Machinery and Equipment	3,535,660	327,249	-	3,862,909
Total Capital Assets, being depreciated	43,884,543	708,107	-	44,592,650
Less Accumulated Depreciation for				
Buildings and Improvements	15,157,994	915,693	-	16,073,687
Machinery and Equipment	1,398,550	247,789	-	1,646,339
Total Accumulated Depreciation	16,556,544	1,163,482	-	17,720,026
Total Capital Assets, being depreciated, net	\$ 27,327,999	\$ (455,375)	\$ -	\$ 26,872,624
Capital Assets, net	\$ 30,237,049	\$ 5,554,653	\$ 17,850	\$ 35,773,852

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

General Support	\$ 193,316
Instruction	864,277
Pupil Transportation	63,819
Cost of Food Sales	42,070
Total Depreciation Expense	\$ 1,163,482

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2019 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	\$ 555,957

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**D. Short-Term Capital Borrowings**

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

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Rate of Interest</u>	<u>Maturity Date</u>	<u>Balance July 1, 2018</u>	<u>New Issues</u>	<u>Balance June 30, 2019</u>
School Buses	2019	3.25 %	October, 2019	\$ -	\$ 150,000	\$ 150,000

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 expense of \$3,399 was recorded in the district-wide financial statements.

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2019:

	<u>Balance, July 1, 2018</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance June 30, 2019</u>	<u>Due Within One-Year</u>
General Obligation Bonds Payable	\$ 9,254,911	\$ -	\$ 1,565,000	\$ 7,689,911	\$ 1,555,000
Plus					
Unamortized premium on bonds	1,332,435	-	140,020	1,192,415	-
	10,587,346	-	1,705,020	8,882,326	1,555,000
Other Non-current Liabilities					
Energy Performance Contract Payable	6,921,212	-	372,130	6,549,082	383,294
Net Pension Liability	580,338	520,527	-	1,100,865	-
Compensated Absences	477,334	215,382	48,000	644,716	64,000
Other Post Employment Benefit Obligations Payable	69,965,486	11,748,821	2,051,892	79,662,415	-
Total Long-Term Liabilities	\$ 88,531,716	\$ 12,484,730	\$ 4,177,042	\$ 96,839,404	\$ 2,002,294

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

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**General Obligation Bonds Payable**

General obligation Bonds payable at June 30, 2019 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2019</u>
Refunding bonds	2015	\$ 9,545,000	June, 2028	4.0 - 5.0 %	\$ 6,009,911
Refunding bonds	2014	4,850,000	June, 2021	2.25 - 2.5	1,680,000
					<u>\$ 7,689,911</u>

Interest expenditures of \$372,425 were recorded in the fund financial statements in the General Fund. Interest expense of \$281,926 was recorded in the district-wide financial statements.

**Energy Performance Contract**

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%.

Interest expenditures of \$215,416 were recorded in the fund financial statements in the General Fund. Interest expense of \$217,416 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2019 including interest payments of \$3,260,752 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds Payable</u>		<u>Energy Performance Contract</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,555,000	\$ 326,125	\$ 383,294	\$ 220,634	\$ 1,938,294	\$ 546,759
2021	1,555,000	278,450	394,793	207,721	1,949,793	486,171
2022	695,000	229,000	406,636	194,421	1,101,636	423,421
2023	685,000	194,250	418,835	180,721	1,103,835	374,971
2024	670,000	160,000	431,401	166,611	1,101,401	326,611
2025-2029	2,529,911	312,500	2,359,075	606,132	4,888,986	918,632
2030-2033	-	-	2,155,048	184,187	2,155,048	184,187
	<u>\$ 7,689,911</u>	<u>\$ 1,500,325</u>	<u>\$ 6,549,082</u>	<u>\$ 1,760,427</u>	<u>\$ 14,238,993</u>	<u>\$ 3,260,752</u>

The above general obligation bonds and energy performance contract 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.

**Note 3 - Detailed Notes on All Funds (Continued)**

**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](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://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 2019 are as follows:

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

---

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	15.9 %
	5 A15	13.1
	6 A15	9.4
TRS	1-6	10.62 %

At June 30, 2019, 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, 2019	June 30, 2018
Net pension liability (asset)	\$ 1,100,865	\$ (2,190,356)
School Districts' proportion of the net pension liability (asset)	0.0155373 %	(0.121130) %
Change in proportion since the prior measurement date	(0.0024370) %	0.003142 %

The net pension liability was measured as of March 31, 2019 for ERS and June 30, 2018 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, 2019, the School District recognized pension expense in the district-wide financial statements of \$2,290,371 (\$698,948 for ERS and \$1,591,423 for TRS). Pension expenditures of \$2,776,524 (\$634,255 for ERS and \$2,142,269 for TRS) and \$19,293 (\$14,126 for ERS and \$5,167 for TRS) were recorded in the fund financial statements and were charged to the General and Special Aid Funds, respectively.

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

At June 30, 2019, 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	\$ 216,783	\$ 73,899	\$ 1,636,836	\$ 296,495
Changes of assumptions	276,713	-	7,656,732	-
Net difference between projected and actual earnings on pension plan investments	-	282,543	-	2,431,462
Changes in proportion and differences between School District contributions and proportionate share of contributions	70,907	126,123	11,162	555,909
School District contributions subsequent to the measurement date	179,809	-	2,147,435	-
	<u>\$ 744,212</u>	<u>\$ 482,565</u>	<u>\$ 11,452,165</u>	<u>\$ 3,283,866</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 1,853,619	\$ 370,394		
Changes of assumptions	7,933,445	-		
Net difference between projected and actual earnings on pension plan investments	-	2,714,005		
Changes in proportion and differences between School District contributions and proportionate share of contributions	82,069	682,032		
School District contributions subsequent to the measurement date	2,327,244	-		
	<u>\$ 12,196,377</u>	<u>\$ 3,766,431</u>		

\$179,809 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 \$2,147,435 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, 2019. 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,	June 30,
	ERS	TRS
2019	\$ -	\$ 2,087,966
2020	218,070	1,383,093
2021	(229,712)	49,697
2022	(34,754)	1,377,932
2023	128,234	924,260
Thereafter	-	197,916

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

---

**Note 3 - Detailed Notes on All Funds (Continued)**

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:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Investment rate of return	7.0% *	7.25% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

\*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-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, 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.

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:

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

Asset Type	ERS March 31, 2019		TRS June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	33 %	5.80 %
International Equity	14	6.35	16	7.30
Private Equity	10	7.50	8	8.90
Real Estate	10	5.55	11	4.90
Global Equities	-	-	4	6.70
Domestic Fixed Income Securities	-	-	16	1.30
Global Fixed Income Securities	-	-	2	0.90
Private Debt	-	-	1	6.80
Real Estate Debt	-	-	7	2.80
High Yield Fixed Income Securities	-	-	1	3.50
Short-Term	-	-	1	0.30
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	-	-
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<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 2.3% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% 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.

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**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 7.0% for ERS and 7.25% 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 (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability	\$ 4,813,159	\$ 1,100,865	\$ (2,017,725)
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	\$ 15,048,105	\$ (2,190,356)	\$ (16,631,396)

The components of the collective net pension liability as of the March 31, 2019 ERS measurement date and the June 30, 2018 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 189,803,429,000	\$ 118,107,253,288
Fiduciary net position	182,718,124,000	119,915,517,622
Employers' net pension liability (asset)	\$ 7,085,305,000	\$ (1,808,264,334)
Fiduciary net position as a percentage of total pension liability	96.27%	101.53%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period April 1, 2019 through June 30, 2019 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, 2019 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, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 were \$179,809 to ERS and \$2,270,704 to TRS (including employee contribution of \$123,269).

## Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2019

---

### **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, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	156
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>279</u>
	<u>435</u>

The School District's total OPEB liability of \$79,662,415 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

The total OPEB liability in the July 1, 2017 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	3.1%
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, 2019

**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 GO, 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, 2019 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, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 69,965,486
Service cost	800,049
Interest	2,402,073
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	8,546,699
Benefit payments	<u>(2,051,892)</u>
Total OPEB Liability - End of Year	<u>\$ 79,662,415</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 (2.1%) or 1 percentage point higher (4.1%) than the current discount rate:

	1% Decrease (2.1%)	Current Assumption (3.1%)	1% Increase (4.1%)
Total OPEB Liability	<u>\$ 97,980,884</u>	<u>\$ 79,662,415</u>	<u>\$ 66,301,942</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%)
Total OPEB Liability	<u>\$ 63,918,742</u>	<u>\$ 79,662,415</u>	<u>\$ 103,434,220</u>

**Putnam Valley Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

For the year ended June 30, 2019 the School District recognized OPEB expense of \$4,056,792 in the district-wide financial statements. At June 30, 2019, 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	\$ 7,692,029	\$ -
Differences between expected and actual experience	-	-
	<u>\$ 7,692,029</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, 2019</u>	
2020	\$ 854,670
2021	854,670
2022	854,670
2023	854,670
2024	854,670
Thereafter	3,418,679

**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>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 66,191	\$ -	\$ 610,000	\$ 676,191
Debt Service Fund	1,343,000	-	-	-	1,343,000
Capital Projects Fund	-	-	3,272	-	3,272
	<u>\$ 1,343,000</u>	<u>\$ 66,191</u>	<u>\$ 3,272</u>	<u>\$ 610,000</u>	<u>\$ 2,022,463</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 and Capital Projects funds expenditures, to transfer amounts appropriated for debt service to the General Fund and to move amounts related to closed capital projects to the Debt Service 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, 2019

**Note 3 - Detailed Notes on All Funds (Continued)**

**I. Fund Balances**

	2019					2018				
	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
<b>Nonspendable</b>										
Inventories	\$ -	\$ -	\$ -	\$ 10,348	\$ 10,348	\$ -	\$ -	\$ -	\$ 8,344	\$ 8,344
Prepaid expenditures	261,773	-	-	-	261,773	276,012	-	-	-	276,012
<b>Total Nonspendable</b>	<b>261,773</b>	<b>-</b>	<b>-</b>	<b>10,348</b>	<b>272,121</b>	<b>276,012</b>	<b>-</b>	<b>-</b>	<b>8,344</b>	<b>284,356</b>
<b>Restricted</b>										
Repairs	30,645	-	-	-	30,645	30,599	-	-	-	30,599
Property loss and liability	127,604	-	-	-	127,604	127,412	-	-	-	127,412
Tax certiorari	740,223	-	-	-	740,223	467,876	-	-	-	467,876
Tax certiorari for subsequent year's expenditures	-	-	-	-	-	500,000	-	-	-	500,000
Employee benefit accrued liability	644,717	-	-	-	644,717	477,334	-	-	-	477,334
Employee benefit accrued liability for subsequent year's expenditures	200,000	-	-	-	200,000	500,000	-	-	-	500,000
ERS retirement contributions	1,820,711	-	-	-	1,820,711	1,817,984	-	-	-	1,817,984
ERS retirement contributions - for subsequent year's expenditures	500,000	-	-	-	500,000	500,000	-	-	-	500,000
TRS retirement contributions	404,000	-	-	-	404,000	-	-	-	-	-
Future capital projects	1,000,986	-	-	-	1,000,986	1,367,734	-	-	-	1,367,734
Debt service	-	4,004,668	-	-	4,004,668	-	5,337,020	-	-	5,337,020
Capital projects	-	-	1,064,328	-	1,064,328	-	-	6,816,289	-	6,816,289
Trusts	-	-	-	107,144	107,144	-	-	-	91,607	91,607
<b>Total Restricted</b>	<b>5,468,886</b>	<b>4,004,668</b>	<b>1,064,328</b>	<b>107,144</b>	<b>10,645,026</b>	<b>5,788,939</b>	<b>5,337,020</b>	<b>6,816,289</b>	<b>91,607</b>	<b>18,033,855</b>
<b>Assigned</b>										
Purchases on order										
General government support	368,216	-	-	-	368,216	581,666	-	-	-	581,666
Instruction	142,485	-	-	-	142,485	303,972	-	-	-	303,972
Pupil transportation	3,124	-	-	-	3,124	34	-	-	-	34
Employee benefits	-	-	-	-	-	1,434	-	-	-	1,434
	513,825	-	-	-	513,825	887,106	-	-	-	887,106
Subsequent year's expenditures	800,000	-	-	-	800,000	718,403	-	-	-	718,403
School Lunch Fund	-	-	-	234,916	234,916	-	-	-	219,522	219,522
<b>Total Assigned</b>	<b>1,313,825</b>	<b>-</b>	<b>-</b>	<b>234,916</b>	<b>1,548,741</b>	<b>1,605,509</b>	<b>-</b>	<b>-</b>	<b>219,522</b>	<b>1,825,031</b>
Unassigned	2,067,638	-	-	-	2,067,638	2,052,236	-	-	-	2,052,236
<b>Total Fund Balance</b>	<b>\$ 9,112,122</b>	<b>\$ 4,004,668</b>	<b>\$ 1,064,328</b>	<b>\$ 352,408</b>	<b>\$ 14,533,526</b>	<b>\$ 9,722,696</b>	<b>\$ 5,337,020</b>	<b>\$ 6,816,289</b>	<b>\$ 319,473</b>	<b>\$ 22,195,478</b>

**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, 2019, the Board has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as non-spendable, 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)**

**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, 2019, the balance in the reserve was \$127,604, 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)

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 800,049	\$ 685,077
Interest	2,402,073	2,508,163
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	8,546,699 (3)	-
Benefit payments	<u>(2,051,892)</u>	<u>(2,031,890)</u>
Net Change in Total OPEB Liability	9,696,929	1,161,350
Total OPEB Liability – Beginning of Year	<u>69,965,486</u>	<u>68,804,136</u>
Total OPEB Liability – End of Year	<u>\$ 79,662,415</u>	<u>\$ 69,965,486</u>
School District's covered-employee payroll	<u>\$ 21,493,900</u>	<u>\$ 21,493,900</u>
Total OPEB liability as a percentage of covered-employee payroll	<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) Change in discount rate from 3.7% to 3.1%.

**Putnam Valley Central School District, New York**

Required Supplementary Information - Schedule of the  
 School District's Proportionate Share of the Net Pension Liability (Asset)  
 New York State Teachers' Retirement System  
 Last Ten Fiscal Years (1)

	2019	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<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>\$ (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>\$ 20,036,811</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>(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>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</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.

**Putnam Valley Central School District, New York**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,147,435	\$ 1,963,607	\$ 2,227,037	\$ 2,363,785	\$ 2,983,123
Contributions in relation to the contractually required contribution	<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>				
School District's covered payroll	<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>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

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

**Putnam Valley Central School District, New York**

Required Supplementary Information - Schedule of the  
 School District's Proportionate Share of the Net Pension Liability  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

	2019	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<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>\$ 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>\$ 4,383,401</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>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>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</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.

**Putnam Valley Central School District, New York**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 641,151	\$ 757,522	\$ 749,797	\$ 829,309	\$ 855,220
Contributions in relation to the contractually required contribution	<u>(641,151)</u>	<u>(757,522)</u>	<u>(749,797)</u>	<u>(829,309)</u>	<u>(855,220)</u>
Contribution excess	<u>\$ -</u>				
School District's covered payroll	<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>13.75%</u>	<u>17.43%</u>	<u>15.07%</u>	<u>16.62%</u>	<u>17.73%</u>

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

(This page intentionally left blank)

Putnam Valley Central School District, New York

General Fund  
Comparative Balance Sheet  
June 30,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 1,170,405	\$ 2,269,416
Investments	12,818,865	13,289,273
Receivables		
Accounts	278,080	66,380
State and Federal aid	230,673	215,410
Due from other governments	1,247,539	726,763
Due from other funds	1,406,325	1,589,712
	<u>3,162,617</u>	<u>2,598,265</u>
Prepaid expenditures	261,773	276,012
Total Assets	<u>\$ 17,413,660</u>	<u>\$ 18,432,966</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,264,351	\$ 729,125
Accrued liabilities	555,957	252,225
Due to other funds	4,030,717	5,462,575
Due to retirement systems	2,450,513	2,266,345
Total Liabilities	<u>8,301,538</u>	<u>8,710,270</u>
Fund balance		
Nonspendable	261,773	276,012
Restricted	5,468,886	5,788,939
Assigned	1,313,825	1,605,509
Unassigned	2,067,638	2,052,236
Total Fund Balance	<u>9,112,122</u>	<u>9,722,696</u>
Total Liabilities and Fund Balance	<u>\$ 17,413,660</u>	<u>\$ 18,432,966</u>

**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,

2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>					
Real property taxes	\$ 32,099,594	\$ 32,454,733	\$ 32,399,040	\$	\$ (55,693)
Other tax items	4,692,717	4,337,578	4,338,255		677
Non-property taxes	-	-	55,666		55,666
Charges for services	150,000	150,000	458,776		308,776
Use of money and property	120,000	120,000	383,560		263,560
State aid	10,472,933	10,472,933	11,085,275		612,342
Miscellaneous	195,000	195,000	494,584		299,584
<b>Total Revenues</b>	<b>47,730,244</b>	<b>47,730,244</b>	<b>49,215,156</b>		<b>1,484,912</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	83,239	84,745	82,245	595	1,905
Central administration	392,447	378,077	370,966	-	7,111
Finance	668,164	672,851	632,273	38,083	2,495
Staff	346,983	222,170	221,157	-	1,013
Central services	2,983,737	3,293,529	2,701,598	329,538	262,393
Special items	583,500	686,899	685,534	-	1,365
<b>Total General Support</b>	<b>5,058,070</b>	<b>5,338,271</b>	<b>4,693,773</b>	<b>368,216</b>	<b>276,282</b>
Instruction					
Instruction, administration and improvement	2,428,341	2,407,071	2,398,088	4,281	4,702
Teaching - Regular school	15,107,598	14,847,650	14,611,560	114,803	121,287
Programs for students with disabilities	7,438,352	7,595,137	7,542,540	2	52,595
Instructional media	1,343,550	1,835,748	1,827,254	-	8,494
Pupil services	3,391,930	3,218,624	3,158,465	23,399	36,760
<b>Total Instruction</b>	<b>29,709,771</b>	<b>29,904,230</b>	<b>29,537,907</b>	<b>142,485</b>	<b>223,838</b>
Pupil transportation	2,827,322	2,792,483	2,787,664	3,124	1,695
Employee benefits	11,956,671	11,516,850	10,956,175	-	560,675
Debt service					
Principal	2,517,191	1,937,130	1,937,130	-	-
Interest	5,000	592,841	587,841	-	5,000
<b>Total Expenditures</b>	<b>52,074,025</b>	<b>52,081,805</b>	<b>50,500,490</b>	<b>513,825</b>	<b>1,067,490</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,343,781)	(4,351,561)	(1,285,334)	(513,825)	2,552,402
<b>OTHER FINANCING (USES)</b>					
Insurance recoveries	-	-	7,951		7,951
Transfers in	1,346,272	1,346,272	1,343,000		(3,272)
Transfers out	(108,000)	(710,220)	(676,191)		34,029
<b>Total Other Financing Sources</b>	<b>1,238,272</b>	<b>636,052</b>	<b>674,760</b>	<b>-</b>	<b>38,708</b>
<b>Net Change in Fund Balance</b>	<b>(3,105,509)</b>	<b>(3,715,509)</b>	<b>(610,574)</b>	<b>\$ (513,825)</b>	<b>\$ 2,591,110</b>
<b>FUND BALANCE</b>					
Beginning of Year	3,105,509	3,715,509	9,722,696		
End of Year	\$ -	\$ -	\$ 9,112,122		

See independent auditors' report.

2018

Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 31,219,236	\$ 31,219,236	\$ 31,164,016	\$	\$ (55,220)
4,596,585	4,596,585	4,602,321		5,736
-	-	53,856		53,856
400,000	400,000	281,944		(118,056)
60,000	60,000	278,412		218,412
10,415,000	10,415,000	10,495,848		80,848
195,000	195,000	264,485		69,485
<u>46,885,821</u>	<u>46,885,821</u>	<u>47,140,882</u>		<u>255,061</u>
71,640	78,477	62,661	11,520	4,296
407,837	365,001	360,503	1,498	3,000
608,735	633,684	599,064	19,016	15,604
314,861	276,747	231,479	-	45,268
2,980,755	3,721,918	3,035,633	517,632	168,653
571,400	753,729	716,249	32,000	5,480
<u>4,955,228</u>	<u>5,829,556</u>	<u>5,005,589</u>	<u>581,666</u>	<u>242,301</u>
2,288,390	2,355,848	2,309,956	41,750	4,142
14,220,086	14,461,967	14,194,052	178,793	89,122
8,200,512	7,147,755	6,618,528	24,167	505,060
1,609,975	1,795,444	1,779,836	11,403	4,205
2,878,793	3,416,823	3,364,269	47,859	4,695
<u>29,197,756</u>	<u>29,177,837</u>	<u>28,266,641</u>	<u>303,972</u>	<u>607,224</u>
2,629,893	2,484,132	2,476,181	34	7,917
11,336,101	10,666,041	10,656,435	1,434	8,172
-	-	-	-	-
-	-	-	-	-
<u>48,118,978</u>	<u>48,157,566</u>	<u>46,404,846</u>	<u>887,106</u>	<u>865,614</u>
<u>(1,233,157)</u>	<u>(1,271,745)</u>	<u>736,036</u>	<u>(887,106)</u>	<u>1,120,675</u>
-	-	-	-	-
-	-	-	-	-
<u>(1,343,384)</u>	<u>(1,304,796)</u>	<u>(1,304,796)</u>	<u>-</u>	<u>-</u>
<u>(1,343,384)</u>	<u>(1,304,796)</u>	<u>(1,304,796)</u>	<u>-</u>	<u>-</u>
<u>(2,576,541)</u>	<u>(2,576,541)</u>	<u>(568,760)</u>	<u>\$ (887,106)</u>	<u>\$ 1,120,675</u>
<u>2,576,541</u>	<u>2,576,541</u>	<u>10,291,456</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,722,696</u>		

**Putnam Valley Central School District, New York**

General Fund  
 Schedule of Revenues and Other Financing Sources Compared to Budget  
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 32,099,594	\$ 32,454,733	\$ 32,399,040	\$ (55,693)
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	4,647,717	4,292,578	4,289,742	(2,836)
Interest and penalties on real property taxes	45,000	45,000	48,513	3,513
	<u>4,692,717</u>	<u>4,337,578</u>	<u>4,338,255</u>	<u>677</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	-	-	55,666	55,666
<b>CHARGES FOR SERVICES</b>				
Day school tuition	-	-	206,063	206,063
Other student fees and charges	150,000	150,000	252,713	102,713
	<u>150,000</u>	<u>150,000</u>	<u>458,776</u>	<u>308,776</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	120,000	120,000	383,478	263,478
Commissions	-	-	82	82
	<u>120,000</u>	<u>120,000</u>	<u>383,560</u>	<u>263,560</u>

**STATE AID**

Basic formula	9,127,668	7,026,781	7,669,855	643,074
BOCES aid	1,175,265	1,545,499	1,545,499	-
Textbook aid	170,000	116,554	100,350	(16,204)
Lottery aid	-	1,630,653	1,633,478	2,825
Computer software aid	-	45,250	45,250	-
Library materials aid	-	8,196	8,196	-
Homeless aid	-	-	4,219	4,219
Tuition aid for handicapped children	-	100,000	78,428	(21,572)
	<u>10,472,933</u>	<u>10,472,933</u>	<u>11,085,275</u>	<u>612,342</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	75,000	75,000	229,694	154,694
Refund of prior year's BOCES expenditures	75,000	75,000	123,506	48,506
Unclassified	45,000	45,000	141,384	96,384
	<u>195,000</u>	<u>195,000</u>	<u>494,584</u>	<u>299,584</u>

**TOTAL REVENUES**

<u>47,730,244</u>	<u>47,730,244</u>	<u>49,215,156</u>	<u>1,484,912</u>
-------------------	-------------------	-------------------	------------------

**OTHER FINANCING SOURCES**

Insurance recoveries	-	-	7,951	7,951
Transfers in				
Debt Service Fund	1,343,000	1,343,000	1,343,000	-
Capital Projects Fund	3,272	3,272	-	(3,272)
	<u>1,346,272</u>	<u>1,346,272</u>	<u>1,350,951</u>	<u>4,679</u>

**TOTAL OTHER FINANCING SOURCES**

<u>1,346,272</u>	<u>1,346,272</u>	<u>1,350,951</u>	<u>4,679</u>
------------------	------------------	------------------	--------------

**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

<u>\$ 49,076,516</u>	<u>\$ 49,076,516</u>	<u>\$ 50,566,107</u>	<u>\$ 1,489,591</u>
----------------------	----------------------	----------------------	---------------------

**Putnam Valley Central School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 31,100	\$ 33,031	\$ 31,595	\$ -	\$ 1,436
District clerk	19,158	15,470	15,001	-	469
District meeting	32,981	36,244	35,649	595	-
Total Board of Education	83,239	84,745	82,245	595	1,905
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	392,447	378,077	370,966	-	7,111
<b>FINANCE</b>					
Business administration	278,837	287,497	287,474	23	-
Auditing	90,000	72,500	42,500	30,000	-
Treasurer	162,057	165,584	165,549	-	35
Tax collector	114,637	114,637	112,298	-	2,339
Fiscal agent fees	22,633	32,633	24,452	8,060	121
Total Finance	668,164	672,851	632,273	38,083	2,495
<b>STAFF</b>					
Legal	115,000	63,450	63,450	-	-
Personnel	203,520	130,257	129,257	-	1,000
Public information and services	28,463	28,463	28,450	-	13
Total Staff	346,983	222,170	221,157	-	1,013

**CENTRAL SERVICES**

Operation and maintenance of plant	<u>2,983,737</u>	<u>3,293,529</u>	<u>2,701,598</u>	<u>329,538</u>	<u>262,393</u>
------------------------------------	------------------	------------------	------------------	----------------	----------------

**SPECIAL ITEMS**

Unallocated insurance	195,000	196,200	194,900	-	1,300
School association dues	15,000	16,105	16,042	-	63
Judgments and claims	25,000	101,577	101,575	-	2
Administrative charges - BOCES	<u>348,500</u>	<u>373,017</u>	<u>373,017</u>	<u>-</u>	<u>-</u>

Total Special Items	<u>583,500</u>	<u>686,899</u>	<u>685,534</u>	<u>-</u>	<u>1,365</u>
---------------------	----------------	----------------	----------------	----------	--------------

Total General Support	<u>5,058,070</u>	<u>5,338,271</u>	<u>4,693,773</u>	<u>368,216</u>	<u>276,282</u>
-----------------------	------------------	------------------	------------------	----------------	----------------

**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	391,180	359,469	354,210	4,281	978
Supervision - Regular school	<u>2,037,161</u>	<u>2,047,602</u>	<u>2,043,878</u>	<u>-</u>	<u>3,724</u>

65

Total Instruction, Administration and Improvement	<u>2,428,341</u>	<u>2,407,071</u>	<u>2,398,088</u>	<u>4,281</u>	<u>4,702</u>
---	------------------	------------------	------------------	--------------	--------------

<b>TEACHING - REGULAR SCHOOL</b>	<u>15,107,598</u>	<u>14,847,650</u>	<u>14,611,560</u>	<u>114,803</u>	<u>121,287</u>
----------------------------------	-------------------	-------------------	-------------------	----------------	----------------

<b>PROGRAMS FOR STUDENTS WITH DISABILITIES</b>	<u>7,438,352</u>	<u>7,595,137</u>	<u>7,542,540</u>	<u>2</u>	<u>52,595</u>
--	------------------	------------------	------------------	----------	---------------

**INSTRUCTIONAL MEDIA**

School library and audiovisual	208,278	219,869	216,196	-	3,673
Computer assisted instruction	<u>1,135,272</u>	<u>1,615,879</u>	<u>1,611,058</u>	<u>-</u>	<u>4,821</u>

Total Instructional Media	<u>1,343,550</u>	<u>1,835,748</u>	<u>1,827,254</u>	<u>-</u>	<u>8,494</u>
---------------------------	------------------	------------------	------------------	----------	--------------

(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, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>PUPIL SERVICES</b>					
Guidance - Regular school	\$ 724,282	\$ 634,847	\$ 626,188	\$ -	\$ 8,659
Health services - Regular school	337,097	273,868	272,760	880	228
Psychological services - Regular school	414,531	302,531	294,946	-	7,585
Pupil personnel services - Special schools	621,625	796,171	785,159	-	11,012
Co-curricular activities - Regular school	315,650	291,535	284,152	-	7,383
Interscholastic activities - Regular school	978,745	919,672	895,260	22,519	1,893
Total Pupil Services	3,391,930	3,218,624	3,158,465	23,399	36,760
Total Instruction	29,709,771	29,904,230	29,537,907	142,485	223,838
<b>PUPIL TRANSPORTATION</b>					
District transportation services	1,144,961	1,118,110	1,113,291	3,124	1,695
Contract transportation	1,682,361	1,674,373	1,674,373	-	-
Total Pupil Transportation	2,827,322	2,792,483	2,787,664	3,124	1,695
<b>EMPLOYEE BENEFITS</b>					
State retirement	997,114	757,283	634,255	-	123,028
Teachers' retirement	2,264,813	2,264,813	2,142,269	-	122,544
Social security	2,139,860	1,935,245	1,633,031	-	302,214
Workers' compensation benefits	140,000	140,000	137,584	-	2,416
Life insurance	12,200	12,200	10,163	-	2,037
Unemployment benefits	25,000	12,580	4,144	-	8,436
Hospital, medical and dental insurance	5,882,684	5,876,429	5,876,429	-	-
Union welfare benefits	495,000	518,300	518,300	-	-
Total Employee Benefits	11,956,671	11,516,850	10,956,175	-	560,675

**DEBT SERVICE**

## Principle

Serial bonds	2,517,191	1,565,000	1,565,000	-	-
Energy performance contract	-	372,130	372,130	-	-

	<u>2,517,191</u>	<u>1,937,130</u>	<u>1,937,130</u>	<u>-</u>	<u>-</u>
--	------------------	------------------	------------------	----------	----------

## Interest

Serial bonds	-	372,425	372,425	-	-
Bond anticipation notes	5,000	5,000	-	-	5,000
Energy performance contract	-	215,416	215,416	-	-

	<u>5,000</u>	<u>592,841</u>	<u>587,841</u>	<u>-</u>	<u>5,000</u>
--	--------------	----------------	----------------	----------	--------------

Total Debt Service	<u>2,522,191</u>	<u>2,529,971</u>	<u>2,524,971</u>	<u>-</u>	<u>5,000</u>
--------------------	------------------	------------------	------------------	----------	--------------

<b>TOTAL EXPENDITURES</b>	<u>52,074,025</u>	<u>52,081,805</u>	<u>50,500,490</u>	<u>513,825</u>	<u>1,067,490</u>
---------------------------	-------------------	-------------------	-------------------	----------------	------------------

**OTHER FINANCING USES**

## Transfers out

Special Aid Fund	93,000	93,000	66,191	-	26,809
Debt Service Fund	15,000	7,220	-	-	7,220
Capital Projects Fund	-	610,000	610,000	-	-

<b>TOTAL OTHER FINANCING USES</b>	<u>108,000</u>	<u>710,220</u>	<u>676,191</u>	<u>-</u>	<u>34,029</u>
-----------------------------------	----------------	----------------	----------------	----------	---------------

<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 52,182,025</u>	<u>\$ 52,792,025</u>	<u>\$ 51,176,681</u>	<u>\$ 513,825</u>	<u>\$ 1,101,519</u>
--	----------------------	----------------------	----------------------	-------------------	---------------------

(This page intentionally left blank)

**Putnam Valley Central School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 254,943	\$ 475,279
State and Federal aid receivable	<u>747,759</u>	<u>757,129</u>
 Total Assets	 <u>\$ 1,002,702</u>	 <u>\$ 1,232,408</u>
 <b>LIABILITIES</b>		
Due to other funds	 <u>\$ 1,002,702</u>	 <u>\$ 1,232,408</u>

**Putnam Valley Central School District, New York**

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

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 264,763	\$ 264,763	\$ 264,763	\$ -
Federal aid	569,319	571,374	556,971	(14,403)
Total Revenues	834,082	836,137	821,734	(14,403)
<b>EXPENDITURES</b>				
Current				
Instruction	927,082	929,137	887,925	41,212
Deficiency of Revenues Over Expenditures	(93,000)	(93,000)	(66,191)	26,809
<b>OTHER FINANCING SOURCES</b>				
Transfers in	93,000	93,000	66,191	(26,809)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2018

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 277,409	\$ 277,409	\$ 277,409	\$ -
<u>554,777</u>	<u>570,823</u>	<u>562,200</u>	<u>(8,623)</u>
832,186	848,232	839,609	(8,623)
<u>917,186</u>	<u>917,584</u>	<u>908,961</u>	<u>8,623</u>
(85,000)	(69,352)	(69,352)	-
<u>85,000</u>	<u>69,352</u>	<u>69,352</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Putnam Valley Central School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Due from other funds	<u>\$ 4,004,668</u>	<u>\$ 5,337,020</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 4,004,668</u>	<u>\$ 5,337,020</u>

**Putnam Valley Central School District, New York**

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

	2019	2018
<b>REVENUES</b>		
Use of money and property	\$ 7,376	\$ 2,490
<b>EXPENDITURES</b>		
Debt service		
Serial bonds		
Principal	-	1,680,000
Interest	-	423,825
Total Expenditures	-	2,103,825
Excess (Deficiency) of Revenues Over Expenditures	7,376	(2,101,335)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	3,272	1,183,384
Transfers out	(1,343,000)	-
Total Other Financing Sources (Uses)	(1,339,728)	1,183,384
Net Change in Fund Balance	(1,332,352)	(917,951)
<b>FUND BALANCE</b>		
Beginning of Year	5,337,020	6,254,971
End of Year	\$ 4,004,668	\$ 5,337,020

**Putnam Valley Central School District, New York**

Capital Projects Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 50,160	\$ 176,956
Restricted cash	1,298,970	6,923,404
Investments	272,378	-
State and Federal aid receivable	398,723	357,304
Due from other funds	539,956	628,371
	<u>539,956</u>	<u>628,371</u>
Total Assets	<u>\$ 2,560,187</u>	<u>\$ 8,086,035</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ -	\$ 14,101
Bond anticipation notes payable	150,000	-
Due to other funds	947,136	898,341
	<u>947,136</u>	<u>898,341</u>
Total Liabilities	1,097,136	912,442
Deferred inflows of resources		
Deferred Federal and State aid	398,723	357,304
	<u>398,723</u>	<u>357,304</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,495,859</u>	<u>1,269,746</u>
Fund balance		
Restricted	1,064,328	6,816,289
	<u>1,064,328</u>	<u>6,816,289</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,560,187</u>	<u>\$ 8,086,035</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>2019</u>	<u>2018</u>
<b>REVENUES</b>	\$ -	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>6,358,689</u>	<u>644,795</u>
Deficiency of Revenues Over Expenditures	<u>(6,358,689)</u>	<u>(644,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Energy performance contract issued	-	6,921,212
Transfers in	610,000	52,060
Transfers out	<u>(3,272)</u>	<u>-</u>
Total Other Financing Sources	<u>606,728</u>	<u>6,973,272</u>
Net Change in Fund Balance	(5,751,961)	6,328,477
<b>FUND BALANCE</b>		
Beginning of Year	<u>6,816,289</u>	<u>487,812</u>
End of Year	<u>\$ 1,064,328</u>	<u>\$ 6,816,289</u>

**Putnam Valley Central School District, New York**

Capital Projects Fund  
 Project-Length Schedule  
 Inception of Project Through June 30, 2019

PROJECT	Project Budget	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
School Bus Replacements	\$ 1,352,886	\$ 1,352,486	\$ 400	\$ 1,352,886
Elementary School/Middle School Construction	7,450,000	7,447,128	2,872	7,450,000
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	17,850	(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>2,000,891</u>	<u>198,950</u>	<u>2,199,841</u>
Smart Schools Bond Act	915,998	357,304	41,419	398,723
Energy Performance Project	6,921,212	-	5,628,211	5,628,211
School Buses	500,000	-	149,711	149,711
Capital Facilities				
Middle School and District-Wide Improvements	14,810,000	-	340,398	340,398
Totals	<u>\$ 34,200,096</u>	<u>\$ 11,157,809</u>	<u>\$ 6,361,961</u>	<u>\$ 17,519,770</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing			Fund Balance (Deficit) at June 30, 2019	Bond Anticipation Notes Outstanding at June 30, 2019
	Interfund Transfers	Proceeds of Obligations	Total		
\$ -	\$ -	\$ 1,352,886	\$ 1,352,886	\$ -	\$ -
-	-	7,450,000	7,450,000	-	-
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	-	-
50,159	-	2,250,000	2,250,000	50,159	-
517,275	-	-	-	(398,723)	-
1,293,001	-	6,921,212	6,921,212	1,293,001	-
350,289	-	-	-	(149,711)	150,000
14,469,602	610,000	-	610,000	269,602	-
<u>\$ 16,680,326</u>	<u>\$ 610,000</u>	<u>\$ 17,974,098</u>	<u>\$ 18,584,098</u>	<u>\$ 1,064,328</u>	<u>\$ 150,000</u>

**Putnam Valley Central School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2019  
 (With Comparative Totals for 2018)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2019	2018
<b>ASSETS</b>				
Cash and equivalents	\$ 218,836	\$ 90,865	\$ 309,701	\$ 318,674
Receivables				
Accounts	170	91	261	240
State and Federal aid	16,276	-	16,276	13,353
Due from other funds	-	34,506	34,506	38,221
	<u>16,446</u>	<u>34,597</u>	<u>51,043</u>	<u>51,814</u>
Inventories	<u>10,348</u>	<u>-</u>	<u>10,348</u>	<u>8,344</u>
Total Assets	<u>\$ 245,630</u>	<u>\$ 125,462</u>	<u>\$ 371,092</u>	<u>\$ 378,832</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ 13,418	\$ 13,418	\$ 58,939
Due to other funds	-	4,900	4,900	-
Due to other governments	366	-	366	420
Total Liabilities	<u>366</u>	<u>18,318</u>	<u>18,684</u>	<u>59,359</u>
Fund balances				
Nonspendable	10,348	-	10,348	8,344
Restricted	-	107,144	107,144	91,607
Assigned	<u>234,916</u>	<u>-</u>	<u>234,916</u>	<u>219,522</u>
Total Fund Balances	<u>245,264</u>	<u>107,144</u>	<u>352,408</u>	<u>319,473</u>
Total Liabilities and Fund Balances	<u>\$ 245,630</u>	<u>\$ 125,462</u>	<u>\$ 371,092</u>	<u>\$ 378,832</u>

**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, 2019  
(With Comparative Totals for 2018)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2019	2018
<b>REVENUES</b>				
Use of money and property	\$ 408	\$ 96	\$ 504	\$ 599
State aid	9,868	-	9,868	10,396
Federal aid	233,407	-	233,407	236,337
Food sales	466,960	-	466,960	499,442
Miscellaneous	4,640	143,832	148,472	191,178
<b>Total Revenues</b>	<b>715,283</b>	<b>143,928</b>	<b>859,211</b>	<b>937,952</b>
<b>EXPENDITURES</b>				
Current				
Cost of food sales	697,885	-	697,885	755,366
Other	-	128,391	128,391	230,475
<b>Total Expenditures</b>	<b>697,885</b>	<b>128,391</b>	<b>826,276</b>	<b>985,841</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>17,398</b>	<b>15,537</b>	<b>32,935</b>	<b>(47,889)</b>
<b>FUND BALANCES</b>				
Beginning of Year	227,866	91,607	319,473	367,362
End of Year	\$ 245,264	\$ 107,144	\$ 352,408	\$ 319,473

**Putnam Valley Central School District, New York**

School Lunch Fund  
 Comparative Balance Sheet  
 June 30,

	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 218,836	\$ 255,310
Receivables		
Accounts	170	160
State and Federal aid	16,276	13,353
	<u>16,446</u>	<u>13,513</u>
Inventories	<u>10,348</u>	<u>8,344</u>
Total Assets	<u>\$ 245,630</u>	<u>\$ 277,167</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ -	\$ 48,881
Due to other governments	366	420
Total Liabilities	<u>366</u>	<u>49,301</u>
Fund balance		
Nonspendable	10,348	8,344
Assigned	234,916	219,522
Total Fund Balance	<u>245,264</u>	<u>227,866</u>
Total Liabilities and Fund Balance	<u>\$ 245,630</u>	<u>\$ 277,167</u>

**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>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 408	\$ 385
State aid	9,868	10,396
Federal aid	233,407	236,337
Food sales	466,960	499,442
Miscellaneous	<u>4,640</u>	<u>15,825</u>
 Total Revenues	 715,283	 762,385
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>697,885</u>	<u>755,366</u>
 Excess of Revenues Over Expenditures	 17,398	 7,019
<b>FUND BALANCE</b>		
Beginning of Year	<u>227,866</u>	<u>220,847</u>
 End of Year	 <u>\$ 245,264</u>	 <u>\$ 227,866</u>

**Putnam Valley Central School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 90,865	\$ 63,364
Accounts receivable	91	80
Due from other funds	<u>34,506</u>	<u>38,221</u>
Total Assets	<u>\$ 125,462</u>	<u>\$ 101,665</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 13,418	\$ 10,058
Due to other funds	<u>4,900</u>	<u>-</u>
Total Liabilities	18,318	10,058
Fund balance		
Restricted	<u>107,144</u>	<u>91,607</u>
Total Liabilities and Fund Balance	<u>\$ 125,462</u>	<u>\$ 101,665</u>

**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>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Use of money and property	\$ 96	\$ 214
Miscellaneous	<u>143,832</u>	<u>175,353</u>
Total Revenues	143,928	175,567
<b>EXPENDITURES</b>		
Current		
Other	<u>128,391</u>	<u>230,475</u>
Excess (Deficiency) of Revenues Over Expenditures	15,537	(54,908)
<b>FUND BALANCE</b>		
Beginning of Year	<u>91,607</u>	<u>146,515</u>
End of Year	<u>\$ 107,144</u>	<u>\$ 91,607</u>

**Putnam Valley Central School District, New York**

General Fund  
 Analysis of Change from Adopted Budget to Final Budget  
 Year Ended June 30, 2019

Adopted Budget	\$ 51,294,919
Encumbrances	<u>887,106</u>
Original Budget	52,182,025
Budget Amendments	<u>610,000</u>
Final Budget	<u><u>\$ 52,792,025</u></u>

General Fund  
 Section 1318 of Real Property Tax Law Limit Calculation

2019-20 Expenditure Budget	<u>\$ 51,680,010</u>
----------------------------	----------------------

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

Unrestricted fund balance	
Assigned fund balance	1,313,825
Unassigned fund balance	<u>2,067,638</u>

Total Unrestricted Fund Balance	<u>3,381,463</u>
---------------------------------	------------------

Less	
Appropriated for subsequent year's budget	800,000
Encumbrances	<u>513,825</u>

Total Adjustments	<u>1,313,825</u>
-------------------	------------------

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,067,638</u></u>
---	----------------------------

Actual Percentage	<u><u>4.00%</u></u>
-------------------	---------------------

**Putnam Valley Central School District, New York**

Schedule of Net Investment in Capital Assets

Year Ended June 30, 2019

---

Capital Assets, net		\$ 35,773,852
Less		
Bonds Payable	(7,689,911)	
Energy Performance Contract Payable	(6,549,082)	
Unamortized Portion of Premium on Bonds	(1,192,415)	
Bond Anticipation Notes Payable	<u>(150,000)</u>	(15,581,408)
Plus		
Unexpended Bond Proceeds	50,448	
Unexpended Energy Performance Contract Payable	1,293,001	
Unamortized Portion of Loss on Refunding Bonds	<u>265,286</u>	<u>1,608,735</u>
Net Investment in Capital Assets		<u>\$ 21,801,179</u>

(This page intentionally left blank)

**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, 2019, 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 23, 2019.

**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 23, 2019

**Report on Compliance For Each Major Federal Program and Report  
on Internal Control Over Compliance Required by  
the Uniform Guidance**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Putnam Valley Central School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 23, 2019

**Putnam Valley Central School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Total Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 26,382
National School Lunch Program - Commodities	10.555	N/A	-	34,766
National School Lunch Program - Cash	10.555	N/A	-	172,259
Total U.S. Department of Agriculture			-	233,407
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-19-0741	-	340,014
Special Education - Preschool Grants	84.173	0033-19-0741	-	17,614
Subtotal Special Education Cluster			-	357,628
Title I Grants to Local Educational Agencies	84.010	0021-19-2460	-	141,685
English Language Acquisition State Grants	84.365	0204-19-2460	-	9,926
Supporting Effective Instruction State Grants	84.367	0147-19-2460	-	40,926
Disaster Recovery Assistance for Education	84.938	0080-18-2460	-	6,750
Disaster Recovery Assistance for Education	84.938	0084-19-2460	-	56
Total U.S. Department of Education			-	556,971
Total Expenditures of Federal Awards			\$ -	\$ 790,378

(1) Catalog of Federal Domestic Assistance number.

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

## **Putnam Valley Central School District, New York**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

---

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Putnam Valley Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2019. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through identifying numbers are presented where available.

**Putnam Valley Central School District, New York**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2019

---

None

**Putnam Valley Central School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes  No  
 Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes  No  
 Yes  None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

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

Yes  No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027  
84.173

Special Education Cluster:  
Special Education – Grants to States  
Special Education – Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs: Auditee qualified as low-risk auditee?

\$750,000  
 Yes  No

**Putnam Valley Central School District, New York**

Schedule of Findings and Questioned Costs (Concluded)  
Year Ended June 30, 2019

---

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None