

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**Financial Statements  
As of and for the Year Ended  
June 30, 2019  
Together with  
Independent Auditor's Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

# SCHENEVUS CENTRAL SCHOOL DISTRICT

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JUNE 30, 2019

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## **INDEPENDENT AUDITOR'S REPORT**

October 9, 2019

To the Board of Education and Superintendent of  
Schenevus Central School District:

### **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 Schenevus Central School District (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.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Schenevus Central School District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of changes in total other postemployment benefit liability and related ratios, contributions-pension plans, and proportionate share of the net pension liability (asset) 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other information required by the New York State Education Department is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information required by the New York State Education Department has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

## **SCHENEVUS CENTRAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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The following is a discussion and analysis of the Schenevus Central School District's (School District) financial performance for the fiscal year ended June 30, 2019. The section summarizes the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. As this section is only an introduction, it should be read in conjunction with the School District's basic financial statements, which immediately follow this section.

#### **FINANCIAL HIGHLIGHTS**

- At June 30, 2019, the School District has a deficit net position of \$4.367 million. This deficit is primarily the result of recognizing \$7.34 million liability for other post-employment benefits (OPEB).
- Governmental fund revenue, which includes state aid, and property taxes, accounted for \$9,019,435 (95%), of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for \$522,542 (5%) of total revenue.
- Total expenses in School District-wide financial statements totaled \$9,871,418.
- The restricted fund balance dropped from \$437,678 to \$267,441 with an underfunded Employee Benefit Accrued Liability Reserve. The underfunded EBLAR Reserve will be partial funded by the unassigned General Fund balance that is available in the amount of \$285,546.
- Cash flow and other fiscal stress caused by the lack of fund balance. The School District has had to take several RANs last year to meet its cash flow needs. The last RAN, in the amount of \$1 million dollars to help resolve its cash flow issue. The School District does not have the capability to resolve the second issue – fiscal stress due to the lack ability to increase taxes and gain additional State Aid. This type of structural deficit is very difficult for schools like Schenevus that do not have adequate fund balance.

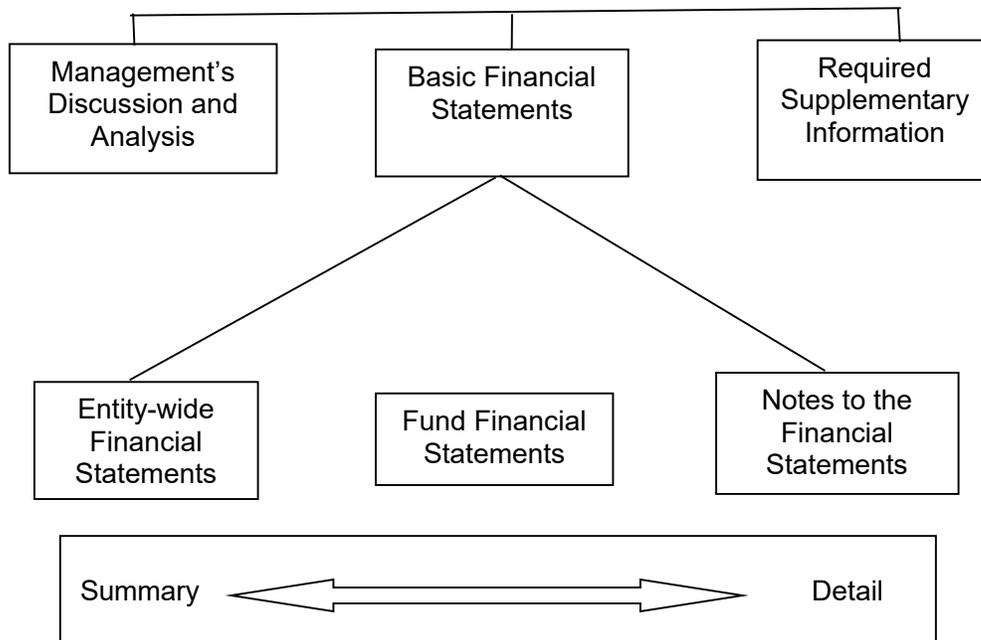
## OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental fund financial statements that focus on individual activities of the School District, reporting the operation in more detail than the School District-wide statements.
  - The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.
  - Fiduciary fund statements provide information about financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, including the employees of the School District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the School District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

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



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

### School District-Wide Statements

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the School District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the School District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Financial Analysis of the School District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the School District-wide governmental activities.

**Table A-3 Condensed Statement of Net Position**

	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>	<b>Percent Change</b>
Current and other assets	\$ 3,041,793	\$ 1,705,398	78.36%
Noncurrent assets	<u>10,572,349</u>	<u>10,740,914</u>	-1.57%
Total assets	<u>13,614,142</u>	<u>12,446,312</u>	9.38%
Deferred outflows	<u>2,226,954</u>	<u>2,084,842</u>	6.82%
Current liabilities	2,412,683	7,270,906	-66.82%
Long-term liabilities	<u>16,938,388</u>	<u>10,170,948</u>	66.54%
Total liabilities	<u>19,351,071</u>	<u>17,441,854</u>	10.95%
Deferred inflows	<u>857,054</u>	<u>1,126,888</u>	-23.95%
Net position:			
Invested in capital assets, net of related deb	744,608	886,056	-15.96%
Restricted	852,421	1,024,420	-16.79%
Unrestricted	<u>(5,964,058)</u>	<u>(5,948,064)</u>	0.27%
Total net position	<u>\$ (4,367,029)</u>	<u>\$ (4,037,588)</u>	8.16%

In Table A-3, total assets at June 30, 2019 were approximately \$1.2 million higher than at June 30, 2018. The increase is primarily due to the increase in cash in the current year.

Total liabilities increased by approximately \$1.9 million, due primarily to the RAN issuance in the General Fund.

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

**Table A-4 Changes in Net Position from Operating Results**

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Percent Change</u>
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 74,131	\$ 153,800	51.80%
Operating grants	448,411	462,583	3.06%
General revenue:			
Property and other tax items	3,280,227	3,157,324	-3.89%
State and federal aid	5,388,344	5,137,306	-4.89%
Interest and use of property	1,182	320	-269.38%
Other	<u>349,682</u>	<u>324,525</u>	-7.75%
Total revenue	<u>9,541,977</u>	<u>9,235,858</u>	-3.31%
<b>Expenses</b>			
General support	1,508,097	1,368,743	-10.18%
Instruction	6,910,634	6,761,217	-2.21%
Pupil transportation	804,144	916,295	12.24%
Debt service - Interest	411,796	240,101	-71.51%
School lunch program	<u>236,747</u>	<u>227,119</u>	-4.24%
Total expenses	<u>9,871,418</u>	<u>9,513,475</u>	-3.76%
<b>Change in Net Position</b>	<u><u>\$ (329,441)</u></u>	<u><u>\$ (277,617)</u></u>	-18.67%

### Changes in Net Position

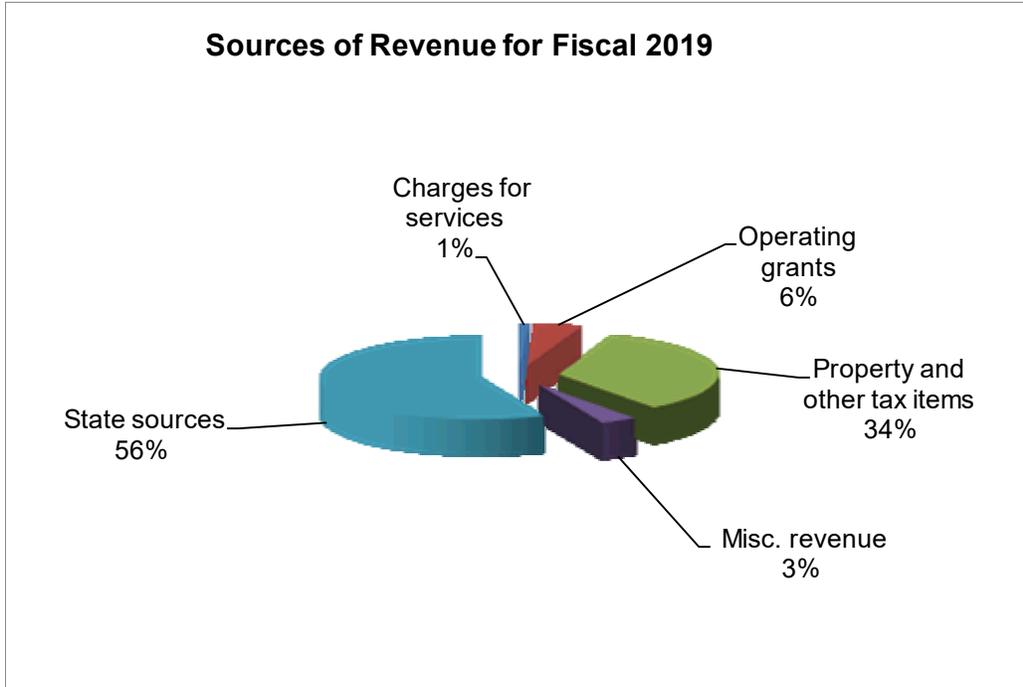
The School District's total fiscal year 2019 revenues totaled \$9,541,977 (See Table A-4). Property taxes (including other tax items) and state formula aid accounted for most of the School District's revenue. (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$9,871,418 for fiscal year 2019. These expenses are predominately related to general instruction, which account for 70% of District expenses. (See Table A-6). The School District's general support activities accounted for 15% of total costs.

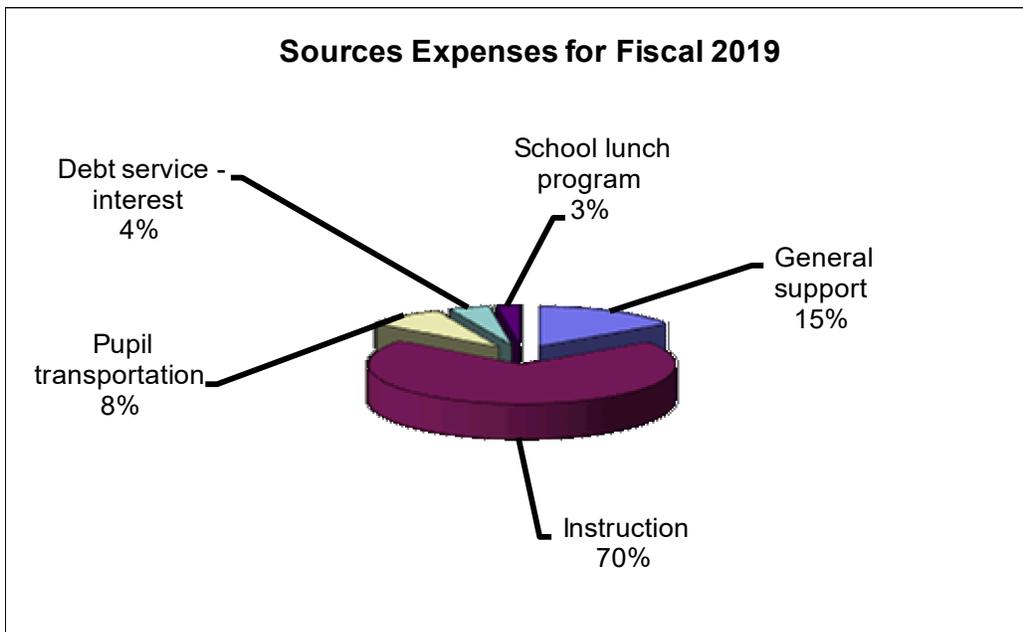
**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Financial Analysis of the School District as a Whole (Continued)**

**Table A-5** Sources of Revenue for Fiscal Year 2019



**Table A-6** Expenses for Fiscal Year 2019



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

### Governmental Activities

Table A-7 presents the cost of several of the School District's major programs or activities as well as each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions. See the Statement of Activities for further information.

**Table A-7 Net costs of Governmental Activities**

	(Net) Cost Of Services <u>2019</u>	(Net) Cost Of Services <u>2018</u>	Percent <u>Change</u>
<b>Functions:</b>			
General support	\$ 1,508,097	\$1,368,743	10.18%
Instruction	6,574,829	6,357,453	3.42%
Pupil transportation	804,144	916,295	-12.24%
Debt service - Interest	411,796	240,101	71.51%
School lunch program	<u>50,010</u>	<u>14,500</u>	<u>244.90%</u>
<b>Total</b>	<u>\$ 9,348,876</u>	<u>\$8,897,092</u>	<u>5.08%</u>

- The total cost of all governmental activities for the year was \$9,871,418 and the net cost was \$9,348,876.
- The users of the School District's programs financed \$74,131 the costs.
- The federal and state operating grants financed \$448,411 of the costs.
- The School District's taxpayers and State Aid financed the remainder of the costs.

### Financial Analysis of the School District's Funds

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

At June 30, 2019, the School District, in its governmental funds, reported a combined fund balance of \$1,282,742 an increase of approximately \$6.5 million from the prior year. This is predominately due to proceeds from the issuance of a bond in relation to an ongoing capital project. The School District's School Lunch Fund operated at a deficit in 2018-2019 prior to a general fund transfer.

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

### General Fund Budgetary Highlights

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

**Table A-8 – Results vs. Budget**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Encumb.</u>	<u>Variance</u>
<b>Revenue:</b>					
Real property taxes	\$3,266,010	\$3,266,010	\$2,795,407	\$ -	\$(470,603)
Other tax items	15,000	15,000	484,820	-	469,820
Charges for services	15,000	15,000	8,827	-	(6,173)
Use of money and property	1,000	1,000	916	-	(84)
Sale of property and compensation for loss	-	-	39,761	-	39,761
Miscellaneous	65,046	65,046	255,472	-	190,426
State sources	5,396,004	5,446,004	5,388,344	-	(57,660)
Medicaid reimbursement	30,000	30,000	49,397	-	19,397
Total revenue	<u>8,788,060</u>	<u>8,838,060</u>	<u>9,022,944</u>	<u>-</u>	<u>184,884</u>
<b>Expenditures:</b>					
General support	1,103,816	1,154,344	1,104,238	13,931	36,175
Instruction	4,306,023	4,311,033	4,190,341	16,073	104,619
Pupil transportation	388,068	383,068	408,671	771	(26,374)
Employee benefits	2,450,159	2,450,159	2,360,819	86,935	2,405
Debt service - principal	641,000	641,000	476,000	-	165,000
Debt service - interest	285,707	285,707	261,480	-	24,227
Transfers out	20,000	20,000	81,454	-	(61,454)
Total expenses	<u>9,194,773</u>	<u>9,245,311</u>	<u>8,883,003</u>	<u>117,710</u>	<u>244,598</u>
<b>Revenue over (under) expense</b>	<u>\$ (406,713)</u>	<u>\$ (407,251)</u>	<u>\$ 139,941</u>	<u>\$(117,710)</u>	<u>\$ (59,714)</u>

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

The following significant variances between budget and actual occurred during fiscal 2019:

- Total revenue was over budget \$184,884 or 2% within budget.
- Expenditures were under budget \$244,598 due to less debt payments than expected.

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2019, the School District had \$10,254,581 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers, and other educational equipment.

**Table A-9 – Capital Assets (net of depreciation)**

	<b>Fiscal Year <u>2019</u></b>	<b>Fiscal Year <u>2018</u></b>	<b>Percent <u>Change</u></b>
Land	\$ 22,800	\$ 22,800	0.00%
Buildings and improvements	9,337,802	9,802,815	-4.74%
Equipment and furniture	<u>893,979</u>	<u>782,221</u>	<u>14.29%</u>
Total capital assets	<u>\$10,254,581</u>	<u>\$10,607,836</u>	-3.33%

As of June 30, 2019, the School District had \$17,478,388 in general obligation, and other long-term liabilities outstanding. More detailed information about the School District's long-term debt is included in Note 8 of the financial statements.

**Table A-10 – Outstanding Long-Term Debt**

	<b>Fiscal Year <u>2019</u></b>	<b>Fiscal Year <u>2018</u></b>	<b>Percent <u>Change</u></b>
General obligation bonds	\$ 9,509,973	\$ 3,359,337	183.09%
Compensated absences	388,214	170,134	128.18%
Net pension liability - ERS	237,220	103,270	129.71%
Other postemployment benefits	<u>7,342,981</u>	<u>6,878,041</u>	<u>6.76%</u>
Total long-term liabilities	<u>\$17,478,388</u>	<u>\$10,510,782</u>	66.29%

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

The Schenevus School District has worked hard to stay within the tax levy limit; however, the programming has suffered due to recent position and staff cuts. Students are experiencing larger class sizes, less classes and electives and a decrease in overall opportunities such as field trips. The district had to close a large deficit since fund balance was not available to use as a revenue source since it had been depleted during the 18-19 budget. For 19-20, expenses had to be cut significantly to account for the overuse of fund balance in the past.

The School District shares services with ONC BOCES and other BOCES. Various management services, instructional support services, and student program services in the areas of special education and technical education are provided by BOCES. The School District shares a business office with ONC BOCES.

The School District has also endeavored to increase efficiency and strengthen its fiscal condition by cross-training staff and hiring teachers and staff with multiple certifications. The cost of employee benefits continues to be a major budgetary factor for Schenevus Central School. There continues to be rapid growth in the cost of health insurance, retirement benefits and current retirement costs. The effects of any crisis on Wall Street and the financial markets are expected to have a negative impact on the contribution rate in the future.

The School District has worked hard to improve its educational programs while attempting to right size its staffing needs through attrition. Unfortunately, due to the large deficit and lack of available fund balance, the district has had to cut several staff positions and courses. While the district is meeting basic mandates, the opportunities for students have declined.

The economy is a very important consideration in all current and future fiscal analysis that is provided to the community. Unfortunately, property values are remaining stable or are decreasing and Gross Income Wealth is also decreasing based on the state aid formulas. Between the restrictions on tax cap increases and the lack of correctly funding through foundation aid, this district cannot meet increases in expenses with just aid and property taxes.

The School district continues to experience declines in Federal and State grant support, which causes more expenses to be covered by the general fund.

The superintendent, district treasurer, claims auditor and Board of Education members continue to attend workshops and training on fiscal management.

## **REQUESTS FOR INFORMATION**

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

Ms. Deb Geci, Deputy Treasurer  
Schenevus Central School District  
159 Main Street  
Schenevus, New York 12115

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2019**

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**ASSETS**

CURRENT ASSETS:

Cash - unrestricted	\$ 2,242,528
Cash - restricted	352,421
Other receivables	7,637
Due from other governments	241,351
State and federal aid receivable	193,095
Inventories	<u>4,761</u>
Total current assets	<u>3,041,793</u>

NONCURRENT ASSETS:

Net pension asset - TRS	317,768
Capital assets, net	<u>10,254,581</u>
Total noncurrent assets	<u>10,572,349</u>

TOTAL ASSETS 13,614,142

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related - TRS	1,623,257
Pension related - ERS	175,779
OPEB related	<u>427,918</u>
Total deferred outflows	<u>2,226,954</u>

**LIABILITIES**

CURRENT LIABILITIES:

Accounts payable	405,662
Due to fiduciary	21,792
Due to other governments	370
Unearned revenue	6,489
Revenue anticipation note payable	1,000,000
Bond interest accrual	113,632
Due to Teachers' Retirement System	291,343
Due to Employees' Retirement System	33,395
Bonds payable, current portion	<u>540,000</u>
Total current liabilities	<u>2,412,683</u>

NON-CURRENT LIABILITIES:

Net pension liability - ERS	237,220
Other postemployment benefits	7,342,981
Compensated absences	388,214
Bonds payable, plus bond premium	<u>8,969,973</u>
Total non-current liabilities	<u>16,938,388</u>

TOTAL LIABILITIES 19,351,071

**DEFERRED INFLOWS OF RESOURCES**

Pension related - TRS	483,519
Pension related - ERS	76,808
Other postemployment benefits related	<u>296,727</u>
Total deferred inflows	<u>857,054</u>

**NET POSITION**

Net investment in capital assets	744,608
Restricted	852,421
Unrestricted	<u>(5,964,058)</u>
TOTAL NET POSITION	<u>\$ (4,367,029)</u>

The accompanying notes are an integral part of these statements.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

GOVERNMENTAL ACTIVITIES	<u>Expenses</u>	<u>Program Revenue</u>		<i>Net (Expense) Revenue and Changed in Net Position</i>
		<i>Charges for Services</i>	<i>Operating Grants</i>	
FUNCTIONS/PROGRAMS:				
General support	\$ 1,508,097	\$ -	\$ -	\$ (1,508,097)
Instruction	6,910,634	8,827	326,978	(6,574,829)
Pupil transportation	804,144	-	-	(804,144)
Debt service - interest	411,796	-	-	(411,796)
School lunch program	<u>236,747</u>	<u>65,304</u>	<u>121,433</u>	<u>(50,010)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 9,871,418</u>	<u>\$ 74,131</u>	<u>\$ 448,411</u>	<u>(9,348,876)</u>
GENERAL REVENUE:				
Real property taxes and other tax items				3,280,227
Use of money and property				1,182
Sale of property and compensation for loss				39,761
State and federal sources				5,388,344
Medicaid reimbursement				49,397
Miscellaneous				<u>260,524</u>
TOTAL GENERAL REVENUE				<u>9,019,435</u>
CHANGE IN NET POSITION				(329,441)
NET POSITION - beginning of year				<u>(4,037,588)</u>
NET POSITION - end of year				<u>\$ (4,367,029)</u>

The accompanying notes are an integral part of these statements.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<b>Governmental Fund Types</b>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Special Aid</i>	<i>School Lunch</i>	<i>Capital Projects</i>	<i>Debt Service</i>	
<b>ASSETS</b>						
Cash	\$ 2,197,958	\$ 4,367	\$ 9,746	\$ 30,457	\$ -	\$ 2,242,528
Cash - restricted	267,441	-	-	-	84,980	352,421
Due from other funds	77,534	-	-	-	500,000	577,534
Due from other governments	241,351	-	-	-	-	241,351
Other receivables	5,818	-	1,819	-	-	7,637
State and federal aid receivable	105,011	79,475	8,609	-	-	193,095
Inventories	-	-	4,761	-	-	4,761
<b>TOTAL ASSETS</b>	<b>\$ 2,895,113</b>	<b>\$ 83,842</b>	<b>\$ 24,935</b>	<b>\$ 30,457</b>	<b>\$ 584,980</b>	<b>\$ 3,619,327</b>
<b>LIABILITIES AND FUND BALANCE</b>						
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 399,678	\$ -	\$ 5,984	\$ -	\$ -	\$ 405,662
Revenue Anticipation Note Payable	1,000,000	-	-	-	-	1,000,000
Due to other funds	500,000	77,353	21,973	-	-	599,326
Due to other governments	-	-	370	-	-	370
Due to Teachers' Retirement System	291,343	-	-	-	-	291,343
Due to Employees' Retirement System	33,395	-	-	-	-	33,395
Unearned revenue	-	6,489	-	-	-	6,489
<b>TOTAL LIABILITIES</b>	<b>2,224,416</b>	<b>83,842</b>	<b>28,327</b>	<b>-</b>	<b>-</b>	<b>2,336,585</b>
FUND BALANCE:						
Nonspendable						
Inventory	-	-	4,761	-	-	4,761
<b>Total nonspendable fund balance</b>	<b>-</b>	<b>-</b>	<b>4,761</b>	<b>-</b>	<b>-</b>	<b>4,761</b>
Restricted for:						
Debt service	-	-	-	-	584,980	584,980
Unemployment reserve	66,081	-	-	-	-	66,081
Employee benefit accrued liabilities	201,360	-	-	-	-	201,360
<b>Total restricted fund balance</b>	<b>267,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>584,980</b>	<b>852,421</b>
Assigned						
Other assigned amounts	117,710	-	-	30,457	-	148,167
<b>Total assigned fund balance</b>	<b>117,710</b>	<b>-</b>	<b>-</b>	<b>30,457</b>	<b>-</b>	<b>148,167</b>
Unassigned						
	285,546	-	(8,153)	-	-	277,393
<b>TOTAL FUND BALANCE</b>	<b>670,697</b>	<b>-</b>	<b>(3,392)</b>	<b>30,457</b>	<b>584,980</b>	<b>1,282,742</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,895,113</b>	<b>\$ 83,842</b>	<b>\$ 24,935</b>	<b>\$ 30,457</b>	<b>\$ 584,980</b>	<b>\$ 3,619,327</b>

The accompanying notes are an integral part of these statements.

## SCHENEVUS CENTRAL SCHOOL DISTRICT

### RECONCILIATION OF FUND BALANCE- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2019

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A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund balance	\$ 1,282,742
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,254,581
Deferred outflows/inflows of resources related to pensions and OPEB are applicable to future periods and; therefore, are not reported in the funds:	
Deferred outflows - ERS/TRS	1,799,036
Differed outflows - OPEB	427,918
Deferred inflows - ERS/TRS	(560,327)
Deferred inflows - OPEB	(296,727)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds:	
Net pension asset - TRS	317,768
Net pension liability - ERS	(237,220)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, net of bond premium	(9,509,973)
Other postemployment benefits	(7,342,981)
Compensated absences	(388,214)
Accrued interest	<u>(113,632)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (4,367,029)</u>

The accompanying notes are an integral part of these statements.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Debt Service	
<b>REVENUE:</b>						
Real property taxes	\$ 2,795,407	\$ -	\$ -	\$ -	\$ -	\$ 2,795,407
Other tax items	484,820	-	-	-	-	484,820
Charges for services	8,827	-	-	-	-	8,827
Use of money and property	916	-	-	-	266	1,182
Sale of property and compensation for loss	39,761	-	-	-	-	39,761
Miscellaneous	255,472	1,466	3,586	-	-	260,524
State sources	5,388,344	117,662	3,640	-	-	5,509,646
Medicaid reimbursement	49,397	-	-	-	-	49,397
Federal sources	-	209,316	117,793	-	-	327,109
Sales - school lunch	-	-	65,304	-	-	65,304
<b>Total revenue</b>	<b>9,022,944</b>	<b>328,444</b>	<b>190,323</b>	<b>-</b>	<b>266</b>	<b>9,541,977</b>
<b>EXPENDITURES:</b>						
General support	1,104,238	-	-	-	-	1,104,238
Instruction	4,190,341	341,487	-	-	-	4,531,828
Pupil transportation	408,671	-	-	-	-	408,671
Employee benefits	2,360,819	-	37,168	-	-	2,397,987
Debt service - principal	476,000	-	-	-	-	476,000
Debt service - interest	261,480	-	-	-	-	261,480
Cost of sales	-	-	181,737	-	-	181,737
Capital outlay	-	-	-	261,572	-	261,572
<b>Total expenditures</b>	<b>8,801,549</b>	<b>341,487</b>	<b>218,905</b>	<b>261,572</b>	<b>-</b>	<b>9,623,513</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>221,395</b>	<b>(13,043)</b>	<b>(28,582)</b>	<b>(261,572)</b>	<b>266</b>	<b>(81,536)</b>
<b>OTHER SOURCES AND (USES):</b>						
BANs redeemed from appropriations	-	-	-	150,000	-	150,000
Premium on obligations	-	-	-	-	905,122	905,122
Proceeds from issuance of debt	-	-	-	5,650,000	-	5,650,000
Debt issuance costs	-	-	-	-	(125,122)	(125,122)
Operating transfers in	-	13,043	68,411	780,000	456,529	1,317,983
Operating transfers (out)	(81,454)	-	-	(456,529)	(780,000)	(1,317,983)
<b>Total other sources (uses)</b>	<b>(81,454)</b>	<b>13,043</b>	<b>68,411</b>	<b>6,123,471</b>	<b>456,529</b>	<b>6,580,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>139,941</b>	<b>-</b>	<b>39,829</b>	<b>5,861,899</b>	<b>456,795</b>	<b>6,498,464</b>
<b>FUND BALANCE - beginning of year</b>	<b>530,756</b>	<b>-</b>	<b>(43,221)</b>	<b>(5,831,442)</b>	<b>128,185</b>	<b>(5,215,722)</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 670,697</b>	<b>\$ -</b>	<b>\$ (3,392)</b>	<b>\$ 30,457</b>	<b>\$ 584,980</b>	<b>\$ 1,282,742</b>

The accompanying notes are an integral part of these statements.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

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Net changes in fund balance - Total governmental funds	\$ 6,498,464
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position	353,058
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities	(663,068)
Losses on the disposal of capital assets are recorded in the statement of activities, but not in the governmental funds	(43,245)
Proceeds of bonds payable and premium on debt issuance are revenue in the funds but are long-term liabilities in the statement of net position	(5,650,000)
Bond proceeds	(905,122)
Bond premium	
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	326,000
Amortization of premiums associated with long-term debt is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	78,486
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds	
Net pension liability/asset	(133,950)
Deferred outflows of resources	(149,727)
Deferred inflows of resources	249,699
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds	
Net pension liability/asset	184,690
Deferred outflows of resources	(136,079)
Deferred inflows of resources	(16,483)
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, pension related (liabilities)/assets that are long-term in nature and therefore not reported in the funds.	
Other postemployment benefits liability	(464,940)
Deferred outflows of resources	36,618
Deferred inflows of resources	427,918
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	(103,680)
Change in compensated absences	(218,080)
Change in net position - Governmental activities	<u>\$ (329,441)</u>

The accompanying notes are an integral part of these statements.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019**

	<i>Private Purpose Trusts</i>	<i>Agency</i>
	<u>          </u>	<u>          </u>
<b>ASSETS:</b>		
Cash - unrestricted	\$ -	\$ 37,212
Cash - restricted	44,042	44,168
Investments	104,898	-
Due from other funds	<u>60</u>	<u>42,465</u>
Total assets	<u>149,000</u>	<u>123,845</u>
 <b>LIABILITIES:</b>		
Extraclassroom activity balances	-	44,135
Other liabilities	60	59,037
Due to other funds	<u>-</u>	<u>20,673</u>
Total liabilities	<u>60</u>	<u>\$ 123,845</u>
 <b>NET POSITION:</b>		
Restricted for scholarships	<u>\$ 148,940</u>	

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Private Purpose Trusts</i>
	<u>          </u>
<b>ADDITIONS:</b>	
Gifts and contributions	106,015
Interest	<u>4,918</u>
Total Additions	<u>110,933</u>
 <b>DEDUCTIONS:</b>	
Scholarships and awards	<u>6,363</u>
 CHANGE IN NET POSITION	104,570
NET POSITION - beginning of year	<u>44,370</u>
NET POSITION - end of year	<u>\$ 148,940</u>

The accompanying notes are an integral part of these statements.

# SCHENEVUS CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### 1. NATURE OF OPERATIONS

Schenevus Central School District (School District) provides K-12 public education to students living within its geographic borders.

#### **Reporting Entity**

The School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE) consisting of 7 members. The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the School District's reporting entity.

#### **Extraclassroom Activity Funds**

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

#### **Joint Venture**

The School District is a component district in Otsego Northern Catskills Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

BOCES' budget is comprised of separate budgets for administrative, programs, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the School District was billed \$1,382,474 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$292,158.

Financial statements for the BOCES are available from the BOCES administrative office.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

### **Basis of Presentation**

The School District's financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements.

### **District-Wide Financial Statements**

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to a functional area in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

### Fund Financial Statements

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

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)

The School District reports the following governmental funds:

- *General Fund* - This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- *Special Aid Fund* - This special revenue fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- *School Lunch Fund* - This fund accounts for the financial transactions related to the food service operations of the School District.
- *Capital Projects Fund* - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. The principal sources of financing are from the sale of bonds or issuance of bond anticipation notes, when applicable.
- *Debt Service Fund* - This fund is used to account for the accumulation of resources for the payment of long-term debt.

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

There are two classes of fiduciary funds:

- *Private purpose trust funds* - These funds are used to account for trust arrangements in which principal and income are used to fund annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.
- *Agency funds* - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District solely as an agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The School District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

## **2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)**

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

### **Cash and Cash Equivalents**

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

### **Restricted Cash**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

### **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management believes that such allowance would not be material.

### **Property Taxes**

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County(ies) in which the School District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the School District no later than the following April 1.

Uncollected real property taxes are subsequently enforced by the County(ies) in which the School District is located. The County(ies) pay(s) an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the School District no later than the following April 1.

### **Due from other governments**

Due from other governments recorded as an asset at June 30, 2019, relates to receivables due from BOCES. Further information is described in Note 1. Management does not believe an allowance for doubtful accounts is necessary.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)

### Inventory

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

### Interfund Transactions

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

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

### Capital Assets

In the School District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

	Capitalization <u>Threshold</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Buildings and improvements	\$ 1,000	SL	40 years
Site improvements	\$ 1,000	SL	20 years
Furniture and equipment	\$ 1,000	SL	8 years

## **2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)**

### **Vested Employee Benefits**

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with accounting principles generally accepted in the United States of America, an accrual for accumulated sick leave is included in the compensated absences liability at year-end in the government-wide financial statements. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

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

### **Other Postemployment Benefits**

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage and survivor benefits to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially, all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The School District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. The financial disclosures relating to the School District's other postemployment benefits are reflected in Note 11.

### **Deferred Outflows and Inflows of Resources**

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

### **Unearned Revenue**

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

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)

### **Short-Term Debt**

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

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

### **Accrued Liabilities and Long-Term Obligations**

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

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

### **Restricted Resources**

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

### **District -Wide Statements - Equity Classifications**

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)

### District -Wide Statements - Equity Classifications (Continued)

#### Debt Service

Used to account for any unspent proceeds of debt restricted for debt service. This reserve is accounted for in the debt service fund.

#### Employee Benefits and Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

#### Unemployment Insurance

Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax, (contribution), basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The prior year balance of this reserve was \$52,342 and was appropriated and expended during the year ended June 30, 2018.

#### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund	\$	267,441
Debt Service Fund		<u>584,980</u>
Total restricted fund balance	\$	<u>852,421</u>

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the BOE. The School District has no committed fund balance as of June 30, 2019.

Assigned fund balance - Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances represent purchase commitments made by the School District's purchasing agent through their authorization of a purchase order prior to year-end. The School District assignment is based on the functional level of expenditures.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

## **2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNT POLICIES (Continued)**

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

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

### **Order of Fund Balance Spending Policy**

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

### **Deficit Fund Balance**

School Lunch Fund – The deficit fund balance will be eliminated through cost reductions, increased sales and, when required, operating transfers from the general fund.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

## **3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

### **Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the School District's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

### **Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities and Change in Net Position**

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

### 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)

#### Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities and Change in Net Position (Continued)

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

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities and change in net position reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

- **Capital Related Differences**

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

- **Long-Term Debt Transaction Differences**

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

- **Pension Differences**

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

- **OPEB Differences**

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

### 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the School District is subject to various federal, state and local laws and contractual regulations. An analysis of the School District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

#### **Budgets**

The School District administration prepares a proposed budget for approval by the Board Of Education for the General Fund.

The voters of the School District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

#### **4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

##### **Budgets (Continued)**

Appropriations established by the adoption of the budget constitute a limitation of expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

#### **5. CASH**

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. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these Notes.

The School District's aggregate bank balances of \$2,612,494 not covered by depository insurance at year-end, were fully collateralized.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$352,421 within the governmental funds and \$88,210 in the fiduciary funds.

## 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 22,800	\$ -	\$ -	\$ 22,800
Total nondepreciable cost	<u>22,800</u>	<u>-</u>	<u>-</u>	<u>22,800</u>
Capital assets that are depreciated:				
Buildings and improvements	15,431,108	-	-	15,431,108
Furniture and equipment	2,250,237	353,058	183,099	2,420,196
Total depreciable cost	<u>17,681,345</u>	<u>353,058</u>	<u>183,099</u>	<u>17,851,304</u>
Total costs	<u>17,704,145</u>	<u>353,058</u>	<u>183,099</u>	<u>17,874,104</u>
Less accumulated depreciation:				
Buildings	5,628,293	465,013	-	6,093,306
Furniture and equipment	1,468,016	198,055	139,854	1,526,217
Total accumulated depreciation	<u>7,096,309</u>	<u>663,068</u>	<u>139,854</u>	<u>7,619,523</u>
Total cost, net	<u>\$ 10,607,836</u>	<u>\$ (310,010)</u>	<u>\$ 43,245</u>	<u>\$ 10,254,581</u>

Depreciation expense was charged to governmental activities as follows:

General support	\$ 9,004
Instruction	6,768
Pupil Transportation	466,755
School Lunch	180,541
Total	<u>\$ 663,068</u>

## 7. SHORT TERM DEBT

The School District has the following short-term debt outstanding as of June 30, 2019:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RAN	10/04/2019	2.50%	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
BAN	6/28/2019	2.04 and 2.75%	<u>6,495,000</u>		<u>(6,495,000)</u>	
			<u>\$ 6,495,000</u>	<u>\$ 1,000,000</u>	<u>\$ (6,495,000)</u>	<u>\$ 1,000,000</u>

Interest paid on short-term debt for the year ended June 30, 2019 was \$166,813.

## 8. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within One Year</u>	<u>Long-term Portion</u>
Government activities:						
Bonds payable	\$ 3,296,000	\$ 5,650,000	\$ 326,000	\$ 8,620,000	\$ 540,000	\$ 8,080,000
Bond premium	63,337	905,122	78,486	889,973	-	889,973
Total bonds payable	<u>3,359,337</u>	<u>6,555,122</u>	<u>404,486</u>	<u>9,509,973</u>	<u>540,000</u>	<u>8,969,973</u>
Other long-term debt						
Net pension liability - ERS	103,270	133,950	-	237,220	-	237,220
Compensated absences	170,134	218,080	-	388,214	-	388,214
Other postemployment benefits	6,878,041	879,690	414,750	7,342,981	-	7,342,981
Total other long-term debt	<u>7,151,445</u>	<u>1,231,720</u>	<u>414,750</u>	<u>7,968,415</u>	<u>-</u>	<u>7,968,415</u>
Total long-term debt	<u>\$ 10,510,782</u>	<u>\$ 7,786,842</u>	<u>\$ 819,236</u>	<u>\$ 17,478,388</u>	<u>\$ 540,000</u>	<u>\$ 16,938,388</u>

Interest on long-term debt for the year was composed of:

Interest paid	\$ 94,667
Amortization of debt premiums	(78,486)
Bond issuance costs	125,122
Less: interest accrued in the prior year	(9,952)
Plus: interest accrued in the current year	<u>113,632</u>
Total expense	<u>\$ 244,983</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2019 Balance</u>
Refunded School Construction	2013	2032	3.50% - 4.25%	\$ 2,150,000
Serial Bond	2013	2028	2.50%	500,000
Bus Bond	2014	2020	1.38%	30,000
Bus bond	2015	2020	1.75-2%	75,000
Bus Bond	2016	2022	2.55%	85,000
Bus Bond	2017	2023	2.04%	130,000
Bus Bond	2018	2024	3.21%	85,000
Bus Bond	2019	2033	5.00%	<u>5,565,000</u>
Total bonds and notes payable				<u>\$ 8,620,000</u>

**8. LONG-TERM DEBT**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 540,000	\$ 422,392	\$ 962,392
2021	615,000	327,190	942,190
2022	600,000	303,921	903,921
2023	595,000	280,113	875,113
2024-2028	3,090,000	1,039,088	4,129,088
2029-2033	<u>3,180,000</u>	<u>337,825</u>	<u>3,517,825</u>
Total	<u>\$ 8,620,000</u>	<u>\$ 2,710,529</u>	<u>\$ 11,330,529</u>

**9. INTERFUND BALANCES AND ACTIVITY**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 77,534	\$ 500,000	\$ 456,529	\$ 81,454
Special aid fund	-	77,353	13,043	-
School lunch fund	-	21,973	68,411	-
Capital funds	-	-	-	456,529
Debt service	500,000	-	-	-
Trust and agency	42,465	20,673	-	-
Total	<u>\$ 619,999</u>	<u>\$ 619,999</u>	<u>\$ 537,983</u>	<u>\$ 537,983</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

**10. PENSION PLANS**

New York State Employee Retirement System

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. 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 System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2019	\$	142,055
2018	\$	134,066
2017	\$	137,650

**Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to Pensions**

At June 30, 2019, the School District reported a net pension liability of \$237,220 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2019, the School District's proportion was .0033481% percent, which was an increase of .0001483% from its proportion at share measured at June 30, 2018.

**10. PENSION PLANS (Continued)**

New York State Employee Retirement System (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2019, the School District recognized pension expense of \$173,914. At June 30, 2019, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

<b>ERS</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,713	\$ 15,924
Changes of assumptions	59,627	-
Net difference between projected and actual earnings on pension plan investments	-	60,884
Changes in proportion and differences between the School Districts contributions and proportionate share of contributions	36,043	-
Contributions subsequent to the measurement date	<u>33,395</u>	<u>-</u>
Total	<u>\$ 175,779</u>	<u>\$ 76,808</u>

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

<u>ERS Plan's Year Ended March 31:</u>	<u>Amount</u>
2020	\$ 63,974
2021	(35,328)
2022	1,158
2023	<u>35,772</u>
Total	<u>\$ 65,576</u>

The School District recognized \$33,395 as deferral outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

**Actuarial Assumptions**

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019.

**10. PENSION PLANS (Continued)**  
New York State Employee Retirement System (Continued)

**Actuarial Assumptions (Continued)**

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8 percent indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

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.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36.0 %	4.55 %
International Equity	14.0	6.35
Private Equity	10.0	7.70
Real Estate	10.0	5.55
Absolute Return Strategies	2.0	3.75
Opportunistic Portfolio	3.0	5.68
Real Asset	3.0	5.29
Bonds, Cash & Mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation Indexed Bonds	<u>4.0</u>	1.25
	<u>100 %</u>	

**Discount Rate**

The discount rate used to calculate the total pension liability was 7%. 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. Based upon the assumptions, the Plan'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.

## 10. PENSION PLANS (Continued)

### New York State Employee Retirement System (Continued)

#### **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0 %, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 % lower (6.0%) or 1 % higher (8.0%) than the current rate:

	1% Decrease <u>(6.0%)</u>	Current Discount <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 1,037,162	\$ 237,220	\$ (434,789)

#### **Pension Plan Fiduciary Net Position (000's)**

The components of the current-year net pension liability of the employers as of March 31, 2019 were as follows:

Total pension liability	\$ 189,803,429
Plan net position	<u>(182,718,124)</u>
Net pension liability (asset)	<u>\$ 7,085,305</u>
ERS net position as a percentage of total pension liability	96.27%

### New York State Teacher Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. NYSTRS offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

#### **Contributions**

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

**10. PENSION PLANS (Continued)**

New York State Teacher Retirement System (Continued)

**Contributions**

The School District is required to contribute at an actuarially determined rate. The School District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2019	\$	291,497
2018	\$	344,257
2017	\$	338,293

**Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to Pensions**

At June 30, 2019, the School District reported net pension asset of \$317,768 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2019 the School District's proportionate share was .017508%, which was an increase of .000065% from the proportionate share measured at June 30, 2018.

For the year ended June 30, 2019, the School District recognized pension expense of \$227,772. At June 30, 2019 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

<b>TRS</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 237,465	\$ 43,014
Changes of assumptions	1,110,807	-
Net difference between projected and actual earnings on pension plan investments	-	352,746
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	87,759
Contributions subsequent to the measurement date	<u>274,985</u>	<u>-</u>
Total	<u>\$ 1,623,257</u>	<u>\$ 483,519</u>

The School District recognized \$274,985 as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date June 30 of 2018 will be recognized as a reduction of the net pension liability in the plan's year ended June 30, 2019.

## 10. PENSION PLANS (Continued)

### New York State Teacher Retirement System (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<u>TRS Plan's Year Ended June 30:</u>	<u>Amount</u>
2019	\$ 299,664
2020	197,403
2021	3,960
2022	196,655
2023	134,532
Thereafter	<u>32,539</u>
Total	<u>\$ 864,753</u>

#### **Actuarial Assumptions**

The total pension liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.50% compounded annually
Investment Rate of Return	7.25% compounded annually, net of pension plan investment expense including inflation

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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

## 10. PENSION PLANS (Continued)

### New York State Teacher Retirement System (Continued)

#### Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real Rate of return in %</u>
Domestic equities	33	5.8
International equities	16	7.3
Global equities	4	6.7
Real Estate	11	4.9
Private equities	8	8.9
Domestic fixed income securities	16	1.3
Global fixed income securities	2	0.9
Private debt	1	6.8
Real estate debt	7	2.8
High-yield fixed income securities	1	3.5
Short-term	<u>1</u>	0.3
	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability was 7.25 %. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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.

#### Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.25 percent, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 2,183,116	\$ (317,768)	\$(2,412,813)

**10. PENSION PLANS (Continued)**

New York State Teacher Retirement System (Continued)

**Pension Plan Fiduciary Net Position (000's)**

The components of the current year net pension liability of the employers as of June 30, 2018, were as follows:

Total pension liability	\$ 118,107,253
Plan net position	<u>(119,915,518)</u>
Net pension liability (asset)	\$ (1,808,265)
NYSTRS net position as a percentage of total pension liability	101.53%

**11. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The School District administers the Other Postemployment Benefits Plan (the Plan) as a single-employer defined benefit other postemployment benefit plan. The School District provides for postretirement medical benefits to retiring employees after 15 years of service. When a retiree reaches age 65, Medicare will provide primary coverage, except as otherwise provided by law. Dental and life insurance benefits are available with select individuals and classes of employees. The Plan can be amended by action of the School District through agreements with different bargaining units. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided**

The School District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request

**Employees Covered by Benefit Terms**

At June 30, 2019, the following employees were covered by the benefit terms:

Actives	77
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees or beneficiaries currently receiving benefits	<u>30</u>
Total participants	<u>107</u>

**Total OPEB Liability**

The School District's total OPEB liability of \$7,342,981 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

## 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Changes in the Total OPEB Liability

Balance at June 30, 2018	<u>\$ 6,878,041</u>
Changes for the Year-	
Service cost	141,075
Interest	263,691
Changes of benefit terms	-
Changes in assumptions	-
Differences between expected and actual experience	474,924
Benefit payments	<u>(414,750)</u>
Net changes	<u>464,940</u>
Balance at June 30, 2019	<u>\$ 7,342,981</u>

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

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	3.87% as of June 30, 2018; 3.51% as of June 30, 2019. Discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.
Inflation	3.00%
Payroll Growth	Varies by years of service and retirement system
Healthcare cost trends	5.50% for 2019, decreasing to an ultimate rate of 3.84% by 2075
Mortality rates	Based on the same assumptions used in the New York State TRS actuarial valuation report as of June 30, 2014 and ERS assumptions effective on April 1, 2015.

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	Discount Rate		
	1% <u>Decrease</u> (2.51%)	Current <u>Discount</u> (3.51%)	1% <u>Increase</u> (4.51%)
Total OPEB Liability	\$8,951,220	\$7,342,981	\$6,093,417

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates, as defined in the Actuarial Assumptions and Other Inputs section of this footnote:

	Healthcare Cost Trend Rate		
	1% <u>Decrease</u>	Current <u>Cost Trend</u>	1% <u>Increase</u>
Total OPEB Liability	\$5,973,011	\$7,342,981	\$9,163,502

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$415,155. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 427,918	\$ (296,727)
Total	<u>\$ 427,918</u>	<u>\$ (296,727)</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>Fiscal Year Ending June</u>	<u>Amount</u>
2020	\$ 10,389
2021	10,389
2022	10,389
2023	10,389
2024	10,389
Thereafter	<u>79,245</u>
	<u>\$ 131,190</u>

## **12. RISK MANAGEMENT**

### **General**

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

### **Workers Compensation**

Otsego Northern Catskill BOCES administers the Catskill Area Schools Workers' Compensation Plan (CASWCP) consisting of several school districts, including Schenevus Central School District, for Workers' Compensation insurance coverage. Entities joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan effective July 1<sup>st</sup> but must submit a notice of withdrawal no later than April 1<sup>st</sup> of the previous year (15 months in advance). Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

## **13. SUBSEQUENT EVENTS**

On September 9, 2019, the School District issued a bond in the amount of \$222,431 with an interest rate of 1.75% and maturing in 2025.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
<b>REVENUE</b>					
Local sources:					
Real property taxes	\$ 3,266,010	\$ 3,266,010	2,795,407	\$ -	\$ (470,603)
Other tax items	15,000	15,000	484,820	-	469,820
Charges for services	15,000	15,000	8,827	-	(6,173)
Use of money and property	1,000	1,000	916	-	(84)
Sale of property and compensation for loss	-	-	39,761	-	39,761
Miscellaneous	<u>65,046</u>	<u>65,046</u>	<u>255,472</u>	<u>-</u>	<u>190,426</u>
Total local sources	3,362,056	3,362,056	3,585,203	-	223,147
State sources	5,396,004	5,446,004	5,388,344	-	(57,660)
Medicaid reimbursement	<u>30,000</u>	<u>30,000</u>	<u>49,397</u>	<u>-</u>	<u>19,397</u>
Total revenue	\$ 8,788,060	\$ 8,838,060	9,022,944	\$ -	\$ 184,884

(Continued)

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED) (Continued)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Variance with Budgetary Actual and Encumbrances</i>
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	\$ 11,790	\$ 11,790	\$ 11,932	\$ 159	\$ (301)
Central administration	165,293	165,293	166,889	955	(2,551)
Finance	120,814	120,814	143,810	392	(23,388)
Staff	33,748	33,748	39,701	-	(5,953)
Central services	588,727	639,255	561,142	12,425	65,688
Special items	183,444	183,444	180,764	-	2,680
	<u>1,103,816</u>	<u>1,154,344</u>	<u>1,104,238</u>	<u>13,931</u>	<u>36,175</u>
INSTRUCTION:					
Instruction, administration, and improvement	170,370	169,370	167,478	712	1,180
Teaching - regular school	1,879,124	1,883,134	1,816,067	6,334	60,733
Programs for children with handicapping conditions	1,394,794	1,396,794	1,284,545	802	111,447
Occupational education	372,896	372,896	365,644	-	7,252
Instructional media	116,859	121,759	186,842	5,267	(70,350)
Pupil services	371,980	367,080	369,765	2,958	(5,643)
	<u>4,306,023</u>	<u>4,311,033</u>	<u>4,190,341</u>	<u>16,073</u>	<u>104,619</u>
Pupil transportation	388,068	383,068	408,671	771	(26,374)
Employee benefits	2,450,159	2,450,159	2,360,819	86,935	2,405
Debt service - principal	641,000	641,000	476,000	-	165,000
Debt service - interest	285,707	285,707	261,480	-	24,227
	<u>9,174,773</u>	<u>9,225,311</u>	<u>8,801,549</u>	<u>117,710</u>	<u>306,052</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) other funds	(20,000)	(20,000)	(81,454)	-	(61,454)
	<u>(20,000)</u>	<u>(20,000)</u>	<u>(81,454)</u>	<u>-</u>	<u>(61,454)</u>
Total expenditures and other financing sources (uses)	<u>9,194,773</u>	<u>9,245,311</u>	<u>8,883,003</u>	<u>117,710</u>	<u>244,598</u>
NET CHANGE IN FUND BALANCE	(406,713)	(407,251)	139,941	(117,710)	429,482
FUND BALANCE - beginning of year	530,756	530,756	530,756	-	-
FUND BALANCE - end of year	<u>\$ 124,043</u>	<u>\$ 123,505</u>	<u>\$ 670,697</u>	<u>\$ (117,710)</u>	<u>\$ 429,482</u>

SCHENEVUS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2019

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total OPEB Liability</b>											
Service cost	\$ 141,075	\$ 150,364									
Interest	263,691	259,647									
Changes of benefit terms	-	-									
Differences between expected and actual experience	-	-									
Changes in assumptions	474,924	(369,962)									
Benefit payments	(414,750)	(414,724)									
<b>Total change in total OPEB liability</b>	464,940	(374,675)									
<b>Total OPEB liability - beginning</b>	6,878,041	7,252,716									
<b>Total OPEB liability - ending</b>	<u>\$ 7,342,981</u>	<u>\$ 6,878,041</u>									
<b>Covered-employee payroll</b>	2,660,483	3,473,160									
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	276.00%	198.03%									

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Notes to schedule:**

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.58%	3.87%	3.58%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Plan assets.** No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.003348%	0.003181%	0.003181%	0.002741%	0.002590%						
Proportionate share of the net pension liability (asset)	\$ 134	\$ 103	\$ 299	\$ 440	\$ 88						
Covered-employee payroll	\$ 985	\$ 967	\$ 945	\$ 797	\$ 788						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.60%	10.65%	31.64%	55.21%	11.17%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.68%	97.90%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHER RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.017573%	0.017508%	0.016644%	0.015764%	0.015577%						
Proportionate share of the net pension liability (asset)	\$ (185)	\$ (133)	\$ 178	\$ (1,637)	\$ (1,735)						
Covered-employee payroll	\$ 2,920	\$ 2,777	\$ 2,776	\$ 2,568	\$ 2,368						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-6.34%	-4.79%	6.41%	-63.75%	-73.27%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	-100.66%	99.01%	-110.46%	-111.48%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 142	\$ 134	\$ 127	\$ 137	\$ 145						
Contributions in relation to the contractually required contribution	<u>142</u>	<u>134</u>	<u>127</u>	<u>137</u>	<u>145</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered-employee payroll	\$ 985	\$ 967	\$ 945	\$ 797	\$ 788						
Contributions as a percentage of covered-employee payroll	14.42%	13.86%	13.44%	17.19%	18.40%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 281	\$ 344	\$ 338	\$ 359	\$ 437						
Contributions in relation to the contractually required contribution	<u>281</u>	<u>344</u>	<u>338</u>	<u>359</u>	<u>437</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered-employee payroll	\$ 2,920	\$ 2,777	\$ 2,776	\$ 2,568	\$ 2,368						
Contributions as a percentage of covered-employee payroll	9.62%	12.39%	12.18%	13.98%	18.45%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318  
REAL PROPERTY TAX LIMIT CALCULATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

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**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget	\$ 9,194,773
Add: Prior year's encumbrances	538
Original budget	9,195,311
Budget revisions	
General support	50,000
Instruction	5,000
Pupil transportation	(5,000)
Total budget revisions:	<u>50,000</u>
Final budget	<u><u>\$ 9,245,311</u></u>

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

2019-20 voter-approved expenditure budget	<u>\$ 9,049,317</u>	
Maximum allowed (4% of 2018-19 budget)		<u>\$ 361,973</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Total fund balance	<u>\$ 670,697</u>	
Less:		
Restricted fund balance	267,441	
Assigned fund balance:		
Appropriated fund balance	-	
Encumbrances included in assigned fund balance	<u>117,710</u>	
Total adjustments	<u>\$ 385,151</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 285,546</u>
Actual percentage		<u>3.16%</u>

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>PROJECT TITLE</u>	<u>Original</u>		<u>Expenditures</u>			<u>Unexpended</u>	<u>Methods of Financing</u>			<u>Fund</u>	
	<u>Appropriation</u>	<u>Revised</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>		<u>Proceeds of</u>	<u>State</u>	<u>Local</u>		<u>Balance</u>
		<u>Appropriation</u>	<u>Years</u>	<u>Year</u>		<u>Balance</u>	<u>Obligations</u>	<u>Aid</u>	<u>Sources</u>	<u>Total</u>	<u>June 30, 2019</u>
Reconstruction project	\$ 6,710,552	\$ 6,710,552	\$ 6,036,443	\$ 144,615	\$ 6,181,058	\$ 529,494	\$ 5,415,000	\$ 166,979	\$ 818,022	\$ 6,400,001	\$ 218,943
Buses	220,000	220,000	157,888	78,471	236,359	(16,359)	85,000	-	-	85,000	(151,359)
Roof project	-	-	-	38,486	38,486	(38,486)	-	-	-	-	(38,486)
Smart Schools	<u>429,031</u>	<u>429,031</u>	<u>222,000</u>	<u>-</u>	<u>222,000</u>	<u>222,000</u>	<u>-</u>	<u>222,000</u>	<u>-</u>	<u>222,000</u>	<u>-</u>
Total	<u>\$ 7,359,583</u>	<u>\$ 7,359,583</u>	<u>\$ 6,416,331</u>	<u>\$ 261,572</u>	<u>\$ 6,677,903</u>	<u>\$ 696,649</u>	<u>\$ 5,500,000</u>	<u>\$ 388,979</u>	<u>\$ 818,022</u>	<u>\$ 6,707,001</u>	<u>\$ 29,098</u>

**SCHENEVUS CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

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Capital assets, net	\$ 10,254,581
Deduct:	
Premiums on bonds payable	(889,973)
Short-term portion of bonds payable	(540,000)
Long-term portion of bonds payable	<u>(8,080,000)</u>
Net Investment in capital assets	<u>\$ 744,608</u>

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

October 9, 2019

To the Board of Education and Superintendent of the  
Schenevus Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Schenevus Central School District (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 October 9, 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*.

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. This 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. Accordingly, this communication is not suitable for any other purpose.