

**BALDWINVILLE CENTRAL SCHOOL DISTRICT  
NEW YORK**

**LETTER OF COMMUNICATION**

**For Year Ended June 30, 2019**

**MENGEL METZGER BARR & CO. LLP**  
RAYMOND F. WAGER, CPA, P.C. DIVISION

MENGEL METZGER BARR & CO. LLP  
RAYMOND F. WAGER, CPA, P.C. DIVISION

October 15, 2019

To the Board of Education  
Baldwinsville Central School District, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baldwinsville Central School District for the year ended June 30, 2019, and have issued our report thereon dated October 15, 2019. Professional standards require that we provide you with the following information related to our audit.

**A. Our Responsibility Under U.S. Generally Accepted Auditing Standards and OMB Uniform Guidance**

As stated in our engagement letter dated April 8, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Baldwinsville Central School District, New York's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Uniform Guidance.

As part of obtaining reasonable assurance about whether the Baldwinsville Central School District, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Uniform Guidance, we examined, on a test basis, evidence about the Baldwinsville Central School District, New York's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Uniform Guidance* applicable to each of its major federal programs for the purpose of expressing an opinion on the Baldwinsville Central School District, New York's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Baldwinsville Central School District, New York's compliance with those requirements.

**B. Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to management and the Board in our engagement letter dated April 8, 2019.

**C. Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Baldwinsville Central School District, New York are described in Note 1 to the financial statements. The new accounting pronouncements which were implemented were GASB 83, *Certain Asset Retirement Obligations* and GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events effecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no individually sensitive disclosures affecting the financial statements.

**D. Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**E. Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has been made aware of immaterial misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**F. Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**G. Management Representations**

We have requested certain representations from management that are included in the management representation letter dated October 15, 2019.

**H. Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**I. Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**J. Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Business Official who reviews draft financial statements prior to issuance and accepts responsibility for them.

**K. Other Matters**

We applied certain limited procedures to the management’s discussion and analysis, schedule of changes in District’s total OPEB liability and related ratio, schedule of District’s proportionate share of the net pension liability, schedule of District contributions, and budget comparisons, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information accompanying the financial statements (as listed in the table of contents) but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \*

This information is intended solely for the use of the Board of Education and management of the Baldwinsville Central School District, New York and is not intended to be and should not be used by anyone other than these specified parties.



Rochester, New York  
October 15, 2019

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2019**

**MENGEL METZGER BARR & CO. LLP**

RAYMOND F. WAGER, CPA, P.C. DIVISION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Baldwinsville Central School District, New York

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Baldwinsville Central School District, New York, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 48–52 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 Baldwinsville Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019 on our consideration of the Baldwinsville Central School District, New York'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 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 Baldwinsville Central School District, New York's internal control over financial reporting and compliance.

Rochester, New York  
October 15, 2019

*Raymond F. Wages, CPA, PC*

## **Baldwinsville Central School District**

### **Management's Discussion and Analysis**

#### **For the Fiscal Year Ended June 30, 2019**

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

#### **Financial Highlights**

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$76,465,912 (net position) an increase of \$3,427,830 from the prior year. A large part of the increase was a result of changing from a self-insured health insurance plan to the CNY Health Insurance Cooperative during the 2018-19 fiscal year. As such we liquidated much of an accrued liability we had created 10 years ago to pay for the 90 run out of self-insured claims.

General revenues which include State and Federal Aid and Property Taxes accounted for \$109,360,351 or 96% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$4,597,583 or 4% of total revenues.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$23,083,308, a decrease of \$8,688,248 in comparison with the prior year. The decrease was a result of an active \$32,000,000 Capital Project scheduled to be completed by December 30, 2019. There was a capital outlay of \$11,720,213 during the 2018-19 fiscal year.

#### **Overview of the Financial Statements**

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

##### *Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### *Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Library Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the capital projects fund, which are reported as major funds. Data for the special aid fund, the school lunch fund, the library fund, and the debt service fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

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

<b><u>Major Feature of the District-Wide and Fund Financial Statements</u></b>			
	<b><u>Government-Wide Statements</u></b>	<b><u>Fund Financial Statements</u></b>	
		<b><u>Governmental Funds</u></b>	<b><u>Fiduciary Funds</u></b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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

*Notes to the Financial Statements*

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

**Government-Wide Statements**

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

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

**Net Position**

The District's combined net position was larger on June 30, 2019, than the year before, increasing 4% to (\$76,465,912) as shown in the table below.

	<b><u>Governmental Activities</u></b>		<b><u>Total Variance</u></b>
	<b><u>2019</u></b>	<b><u>2018</u></b>	
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 65,874,318	\$ 54,789,425	\$ 11,084,893
Capital Assets	117,659,559	107,534,240	10,125,319
<b>Total Assets</b>	<b><u>\$ 183,533,877</u></b>	<b><u>\$ 162,323,665</u></b>	<b><u>\$ 21,210,212</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Outflows of Resources	<b><u>\$ 37,759,004</u></b>	<b><u>\$ 33,928,162</u></b>	<b><u>\$ 3,830,842</u></b>
<b><u>LIABILITIES:</u></b>			
Long-Term Debt Obligations	\$ 207,710,724	\$ 222,478,191	\$ (14,767,467)
Other Liabilities	38,980,678	21,416,372	17,564,306
<b>Total Liabilities</b>	<b><u>\$ 246,691,402</u></b>	<b><u>\$ 243,894,563</u></b>	<b><u>\$ 2,796,839</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Inflows of Resources	<b><u>\$ 51,067,391</u></b>	<b><u>\$ 32,251,006</u></b>	<b><u>\$ 18,816,385</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 70,071,807	\$ 66,769,193	\$ 3,302,614
<b><u>Restricted For:</u></b>			
Employment Retirement System	10,323,477	10,676,788	(353,311)
Accrued Benefit Liability Reserve	4,342,353	4,432,436	(90,083)
Capital Reserve	5,231,796	4,774,771	457,025
Other Purposes	8,676,562	6,847,659	1,828,903
Unrestricted	(175,111,907)	(173,394,589)	(1,717,318)
<b>Total Net Position</b>	<b><u>\$ (76,465,912)</u></b>	<b><u>\$ (79,893,742)</u></b>	<b><u>\$ 3,427,830</u></b>

The District's financial position is the product of many factors.

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

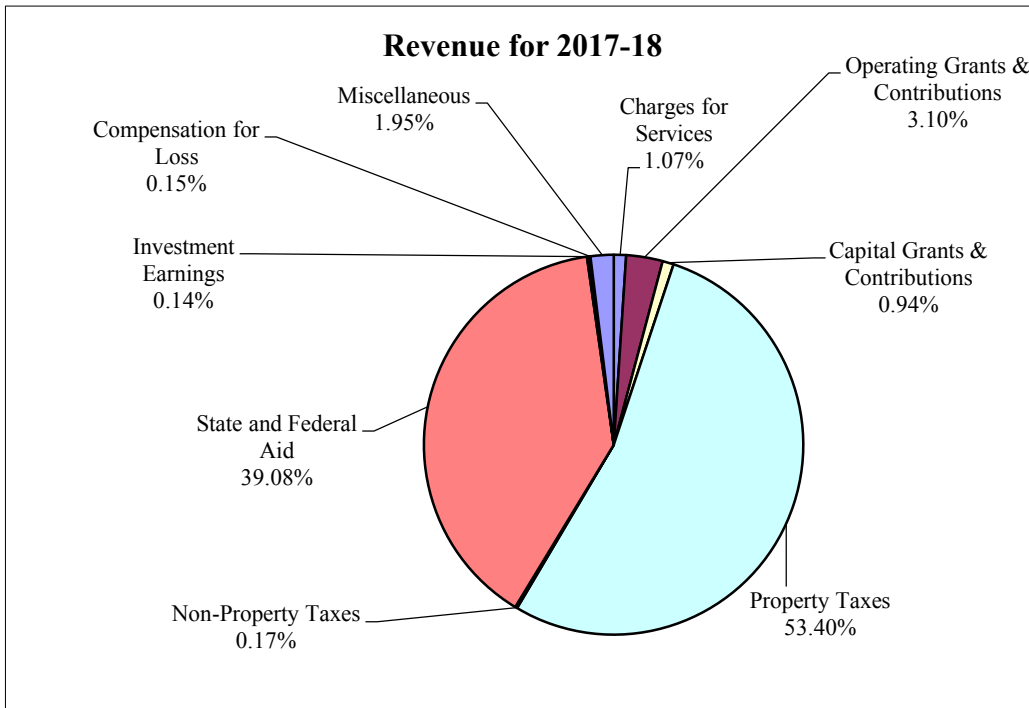
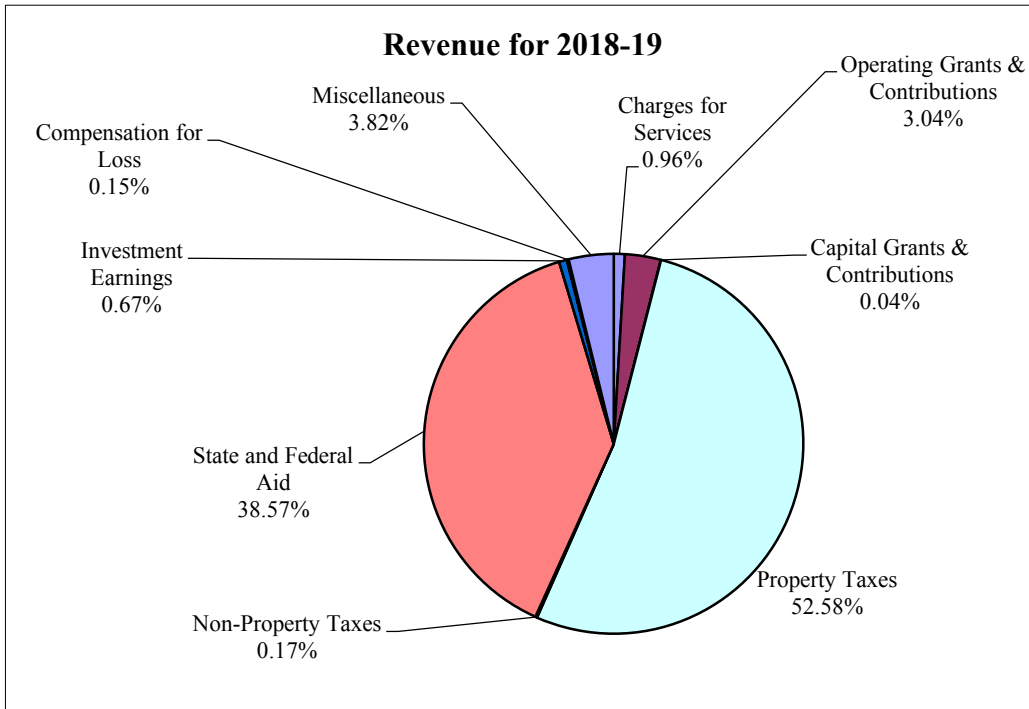
There are four restricted net asset balances; Reserve for ERS, Accrued Benefit Liability Reserve, Capital Reserve, and Other Purposes. The remaining balance is a deficit in unrestricted net position which totals (\$175,111,907).

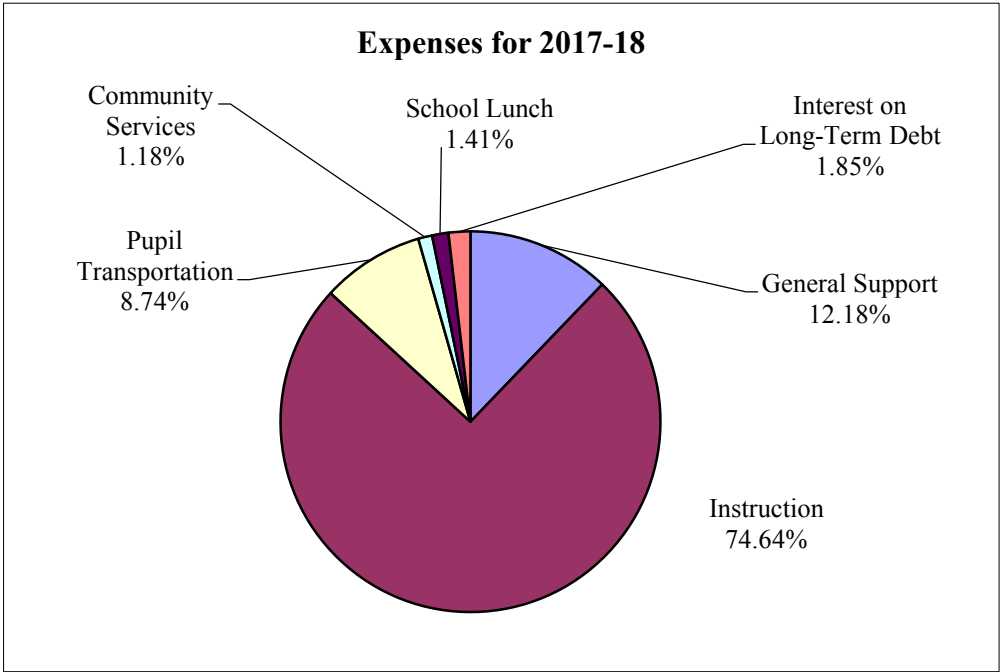
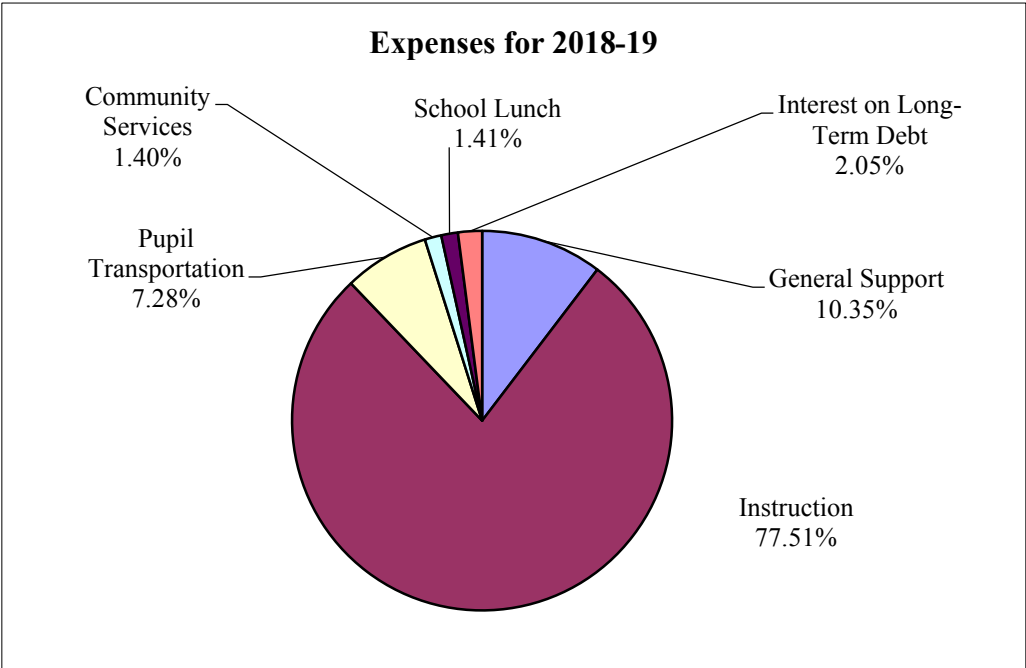
**Changes in Net Position**

The District’s total revenue increased 5% to \$113,957,934. State and federal aid 39% and property taxes 53% accounted for most of the District’s revenue. The remaining 8% of the revenue comes from operating grants, capital grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

The total cost of all the programs and services increased 3% to \$110,530,104. The District’s expenses are predominately related to education and caring for the students (Instruction) 78%. General support, which included expenses associated with the operation, maintenance, and administration of the District, accounted for 10% of the total costs. See the table below:

	<b><u>Governmental Activities</u></b>		<b><u>Total</u></b>
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>Variance</u></b>
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Service	\$ 1,089,763	\$ 1,162,788	\$ (73,025)
Operating Grants & Contributions	3,465,820	3,373,232	92,588
Capital Grants & Contributions	42,000	1,022,280	(980,280)
<b>Total Program</b>	<b>\$ 4,597,583</b>	<b>\$ 5,558,300</b>	<b>\$ (960,717)</b>
<b><u>General -</u></b>			
Property Taxes	\$ 59,916,900	\$ 58,123,975	\$ 1,792,925
Non Property Taxes	194,046	185,980	8,066
State and Federal Aid	43,959,230	42,537,813	1,421,417
Investment Earnings	768,708	157,701	611,007
Compensation for Loss	168,027	159,350	8,677
Miscellaneous	4,353,440	2,125,028	2,228,412
<b>Total General</b>	<b>\$ 109,360,351</b>	<b>\$ 103,289,847</b>	<b>\$ 6,070,504</b>
<b>TOTAL REVENUES</b>	<b>\$ 113,957,934</b>	<b>\$ 108,848,147</b>	<b>\$ 5,109,787</b>
<b><u>EXPENSES:</u></b>			
General Support	\$ 11,445,065	\$ 13,052,494	\$ (1,607,429)
Instruction	85,669,112	79,961,790	5,707,322
Pupil Transportation	8,046,445	9,365,170	(1,318,725)
Community Services	1,543,901	1,265,744	278,157
School Lunch	1,558,694	1,509,395	49,299
Interest	2,266,887	1,978,337	288,550
<b>TOTAL EXPENSES</b>	<b>\$ 110,530,104</b>	<b>\$ 107,132,930</b>	<b>\$ 3,397,174</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 3,427,830</b>	<b>\$ 1,715,217</b>	
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(79,893,742)</b>	<b>(81,608,959)</b>	
<b>NET POSITION, END OF YEAR</b>	<b>\$ (76,465,912)</b>	<b>\$ (79,893,742)</b>	







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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$23,083,308 which is less than last year's ending fund balance of \$31,771,556.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$36,280,234. Fund balance for the General Fund increased by \$1,546,865 compared with the prior year. See the table below:

<b><u>General Fund Balances:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>Total Variance</u></b>
Nonspendable	\$ 1,522,545	\$ 1,673,597	\$ (151,052)
Restricted	27,300,158	25,994,366	1,305,792
Assigned	3,071,451	2,960,640	110,811
Unassigned	4,386,080	4,104,766	281,314
<b>Total General Fund Balances</b>	<b><u>\$ 36,280,234</u></b>	<b><u>\$ 34,733,369</u></b>	<b><u>\$ 1,546,865</u></b>

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$1,347,275. This change is attributable to \$456,275 of carryover encumbrances from the 2017-18 school year, \$830,000 for the voter approved transfer for a capital project, \$57,000 for a legislative grant, and \$4,000 for donations.

The key factors for budget variances in the general fund are listed below along with explanations for each.

<b>Expenditure Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
Transfers-Out	\$830,000	Voter permitted use of Capital Reserve funds to allocate toward a Safety and Security focused capital project.

<b>Revenue Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
Miscellaneous	\$3,316,977	Due to a combination of the following: journal entry regarding IBNR; received more Medicaid reimbursement than planned; receipt of some old state aid claims; an increase in refunds from a prior year and an increase in donations.

## Capital Asset and Debt Administration

### Capital Assets

By the end of the 2018-19 fiscal year, the District had invested \$117,659,559 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2019</u>	<u>2018</u>
Land	\$ 2,039,499	\$ 2,039,499
Buildings and Improvements	109,738,261	100,713,977
Machinery and Equipment	5,881,799	4,780,764
<b>Total Capital Assets</b>	<b><u>\$ 117,659,559</u></b>	<b><u>\$ 107,534,240</u></b>

More detailed financial information can be found in the notes to the financial statements.

### Long-Term Debt

At year end, the District had \$207,710,724 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2019</u>	<u>2018</u>
Serial Bonds	\$ 28,927,060	\$ 32,884,514
Installment Purchase Debt	3,120,000	3,235,000
OPEB	171,166,971	183,542,733
Net Pension Liability	2,894,900	1,364,956
Compensated Absences	1,601,793	1,450,988
<b>Total Long-Term Obligations</b>	<b><u>\$ 207,710,724</u></b>	<b><u>\$ 222,478,191</u></b>

More detailed financial information can be found in the notes to the financial statements.

## Factors Bearing on the District's Future

The District, like many in New York State has to balance the needs of its students with the ability of the community to pay the taxes required to meet those needs. We have been successful financially at staying within our property tax cap while meeting student needs. We actively look for management techniques and methodologies to assist in our financial planning. We have been working to match our debt service schedule with our need to maintain our buildings. This has allowed us to embark on capital projects with little effect on our tax levy. We have successfully negotiated with our six (6) bargaining units to leave our self-insured health insurance plan and move to the CNY Health Insurance Consortium, This is a cooperative plan that has kept its cost growth to the mid- single digits for several years. This will protect the District's general fund budget going forward by reducing the risk of peaks in our annual health insurance costs.

The District continues to be concerned about increased government imposed mandates placed upon us by the state and federal governments. Most of these mandates do not come with the funds to pay for them. These mandates are everywhere in our various budgets. One small example: Fund C, Cafeteria Fund, has experienced a five-fold increase (to \$11,000) in one year in accounts receivable due to those who chose to not pay for lunches. This is a result of the Prohibition Against Meal Shaming Act. We are prohibited from using debt collection to pursue these open balances. Our ability to keep up with and pay for mandates takes money and effort away from our primary mission – educating children.

While the District has its challenges, there are many positive things financially and educationally occurring within our District. We have a supportive community – they have supported budgets and capital projects for many years. Our students continue to perform at high levels in the arts, sports and academically. Our student population is holding steady and increasing in some grade levels. Our assessed value continues to climb. Property development continues at a steady pace. People move into our community for the schools. The District remains optimistic about the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide the 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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Baldwinsville Central School District  
29 East Oneida Street Complex  
Baldwinsville, New York 13027

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Net Position**

**June 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 54,925,423
Accounts receivable	5,968,431
Inventories	74,157
Prepaid items	332,255
Net pension asset	4,574,052
<b>Capital Assets:</b>	
Land	2,039,499
Other capital assets (net of depreciation)	115,620,060
<b>TOTAL ASSETS</b>	<b><u>\$ 183,533,877</u></b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<b><u>\$ 37,759,004</u></b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 2,306,415
Accrued liabilities	2,440,102
Unearned revenues	100,434
Due to other governments	1,428
Due to teachers' retirement system	4,758,524
Due to employees' retirement system	441,375
Bond anticipation notes payable	28,932,400
<b>Long-Term Obligations:</b>	
Due in one year	3,657,508
Due in more than one year	204,053,216
<b>TOTAL LIABILITIES</b>	<b><u>\$ 246,691,402</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	<b><u>\$ 51,067,391</u></b>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 70,071,807
<b>Restricted For:</b>	
Reserve for employee retirement system	10,323,477
Accrued benefit liability reserve	4,342,353
Capital reserves	5,231,796
Other purposes	8,676,562
Unrestricted	(175,111,907)
<b>TOTAL NET POSITION</b>	<b><u>\$ (76,465,912)</u></b>

(See accompanying notes to financial statements)

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Activities**

**For Year Ended June 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government -</b>					
General support	\$ 11,445,065	\$ -	\$ -	\$ -	\$ (11,445,065)
Instruction	85,669,112	252,966	2,660,848	42,000	(82,713,298)
Pupil transportation	8,046,445	-	-	-	(8,046,445)
Community services	1,543,901	-	-	-	(1,543,901)
School lunch	1,558,694	836,797	804,972	-	83,075
Interest	2,266,887	-	-	-	(2,266,887)
<b>Total Primary Government</b>	<b>\$ 110,530,104</b>	<b>\$ 1,089,763</b>	<b>\$ 3,465,820</b>	<b>\$ 42,000</b>	<b>\$ (105,932,521)</b>
<b>General Revenues:</b>					
					\$ 59,916,900
Property taxes					194,046
Non property taxes					43,959,230
State and federal aid					768,708
Investment earnings					168,027
Compensation for loss					4,353,440
Miscellaneous					<u>4,353,440</u>
<b>Total General Revenues</b>					<b>\$ 109,360,351</b>
Changes in Net Position					\$ 3,427,830
<b>Net Position, Beginning of Year</b>					<u>(79,893,742)</u>
<b>Net Position, End of Year</b>					<b>\$ (76,465,912)</b>

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,218,271	\$ 15,823,870	\$ 883,282	\$ 54,925,423
Receivables	5,024,828	42,016	901,587	5,968,431
Inventories	-	-	74,157	74,157
Due from other funds	1,229,900	8,110	1,171,086	2,409,096
Prepaid items	332,255	-	-	332,255
<b>TOTAL ASSETS</b>	<b><u>\$ 44,805,254</u></b>	<b><u>\$ 15,873,996</u></b>	<b><u>\$ 3,030,112</u></b>	<b><u>\$ 63,709,362</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b><u>Liabilities -</u></b>				
Accounts payable	\$ 818,673	\$ 1,432,464	\$ 55,278	\$ 2,306,415
Accrued liabilities	1,637,816	-	38,566	1,676,382
Notes payable - bond anticipation notes	-	28,932,400	-	28,932,400
Due to other funds	803,980	778,251	826,865	2,409,096
Due to other governments	-	-	1,428	1,428
Due to TRS	4,758,524	-	-	4,758,524
Due to ERS	441,375	-	-	441,375
Unearned revenue	64,652	-	35,782	100,434
<b>TOTAL LIABILITIES</b>	<b><u>\$ 8,525,020</u></b>	<b><u>\$ 31,143,115</u></b>	<b><u>\$ 957,919</u></b>	<b><u>\$ 40,626,054</u></b>
<b><u>Fund Balances -</u></b>				
Nonspendable	\$ 1,522,545	\$ -	\$ 74,157	\$ 1,596,702
Restricted	27,300,158	468,041	1,002,457	28,770,656
Assigned	3,071,451	-	995,579	4,067,030
Unassigned	4,386,080	(15,737,160)	-	(11,351,080)
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 36,280,234</u></b>	<b><u>\$ (15,269,119)</u></b>	<b><u>\$ 2,072,193</u></b>	<b><u>\$ 23,083,308</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 44,805,254</u></b>	<b><u>\$ 15,873,996</u></b>	<b><u>\$ 3,030,112</u></b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	117,659,559
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(763,720)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(28,927,060)
OPEB	(171,166,971)
Compensated absences	(1,601,793)
Installment purchase debt	(3,120,000)
Net pension asset	4,574,052
Deferred outflow - pension	25,916,571
Deferred outflow - OPEB	11,842,433
Net pension liability	(2,894,900)
Deferred inflow - pension	(7,170,480)
Deferred inflow - OPEB	(43,896,911)
<b>Net Position of Governmental Activities</b>	<b><u>\$ (76,465,912)</u></b>

(See accompanying notes to financial statements)

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real property taxes and tax items	\$ 58,406,637	\$ -	\$ 1,510,263	\$ 59,916,900
Non-property taxes	194,046	-	-	194,046
Charges for services	252,966	-	21,593	274,559
Use of money and property	757,024	-	11,684	768,708
Sale of property and compensation for loss	168,027	-	-	168,027
Miscellaneous	3,985,977	-	112,372	4,098,349
State sources	43,642,518	42,000	556,820	44,241,338
Federal sources	316,712	-	2,879,640	3,196,352
Sales	-	-	836,797	836,797
Premium on obligations issued	-	-	262,858	262,858
<b>TOTAL REVENUES</b>	<b>\$ 107,723,907</b>	<b>\$ 42,000</b>	<b>\$ 6,192,027</b>	<b>\$ 113,957,934</b>
<b>EXPENDITURES</b>				
General support	\$ 8,254,195	\$ -	\$ -	\$ 8,254,195
Instruction	55,426,762	-	2,666,719	58,093,481
Pupil transportation	5,551,173	1,066,330	91,821	6,709,324
Community services	-	-	1,255,603	1,255,603
Employee benefits	28,924,865	-	543,689	29,468,554
Debt service - principal	-	-	5,159,514	5,159,514
Debt service - interest	-	-	1,821,729	1,821,729
Cost of sales	-	-	647,107	647,107
Other expenses	-	-	603,522	603,522
Capital outlay	-	11,720,213	-	11,720,213
<b>TOTAL EXPENDITURES</b>	<b>\$ 98,156,995</b>	<b>\$ 12,786,543</b>	<b>\$ 12,789,704</b>	<b>\$ 123,733,242</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 9,566,912</b>	<b>\$ (12,744,543)</b>	<b>\$ (6,597,677)</b>	<b>\$ (9,775,308)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - in	\$ -	\$ 930,000	\$ 7,092,358	\$ 8,022,358
Transfers - out	(8,020,047)	(2,311)	-	(8,022,358)
Proceeds from obligations	-	1,087,060	-	1,087,060
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (8,020,047)</b>	<b>\$ 2,014,749</b>	<b>\$ 7,092,358</b>	<b>\$ 1,087,060</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,546,865</b>	<b>\$ (10,729,794)</b>	<b>\$ 494,681</b>	<b>\$ (8,688,248)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>34,733,369</b>	<b>(4,539,325)</b>	<b>1,577,512</b>	<b>31,771,556</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 36,280,234</b>	<b>\$ (15,269,119)</b>	<b>\$ 2,072,193</b>	<b>\$ 23,083,308</b>

(See accompanying notes to financial statements)

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For Year Ended June 30, 2019**

**NET CHANGE IN FUND BALANCES -**  
**TOTAL GOVERNMENTAL FUNDS** \$ (8,688,248)

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

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

Capital Outlay	\$ 11,708,014	
Additions to Assets, Net	2,560,105	
Depreciation	<u>(4,142,800)</u>	
		10,125,319

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

Debt Repayments	\$ 5,159,514	
Proceeds from Bond Issuance	<u>(1,087,060)</u>	
		4,072,454

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (445,158)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (2,229,995)

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

Teachers' Retirement System		1,031,102
Employees' Retirement System		(286,839)

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

Compensated Absences		<u>(150,805)</u>
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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 3,427,830**



**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Fiduciary Net Position**

**June 30, 2019**

	<b>Private Purpose Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 159,186	\$ 2,640,229
<b>TOTAL ASSETS</b>	<b><u>\$ 159,186</u></b>	<b><u>\$ 2,640,229</u></b>
<b>LIABILITIES</b>		
Accounts payable - general fund	\$ -	\$ 933,702
Extraclassroom activity balances	-	174,276
Other liabilities	-	1,532,251
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,640,229</u></b>
<b>NET POSITION</b>		
Restricted for scholarships	\$ 159,186	
<b>TOTAL NET POSITION</b>	<b><u>\$ 159,186</u></b>	

**Statement of Changes in Fiduciary Net Position  
For Year Ended June 30, 2019**

	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Contributions	\$ 117,879
<b>TOTAL ADDITIONS</b>	<b><u>\$ 117,879</u></b>
<b>DEDUCTIONS</b>	
Other expenses	\$ 106,990
<b>TOTAL DEDUCTIONS</b>	<b><u>\$ 106,990</u></b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 10,889</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b><u>148,297</u></b>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 159,186</u></b>

# BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK

## Notes To The Basic Financial Statements

June 30, 2019

### I. Summary of Significant Accounting Policies

The financial statements of the Baldwinsville Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

#### 1. Extraclassroom Activity Funds

The extraclassroom activity funds of the 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 District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

#### 2. Public Library

The Public Library jointly shares the services of the District Treasurer, appoints trustees for library purposes, and has title to real property used by the Library.

**( I. ) (Continued)**

**B. Joint Venture**

The District is a component of the Onondaga, Cortland-Madison Counties Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares 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.

A BOCES' budget is comprised of separate budgets for administrative, program, 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 District was billed \$8,792,733 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,245,491.

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

**C. Basis of Presentation**

**1. Districtwide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and 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 program expenses and revenues for each function of the 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 functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

( I. ) (Continued)

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

**General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

**Capital Projects Fund** - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**Special Aid Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

**Public Library Fund** - Used to account for transactions of a library governed by a library Board of Trustees and supported by the general tax levy.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

c. **Fiduciary** - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

**Private Purpose Trust Funds** - These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

( I. ) (Continued)

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

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

The District-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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.

**E. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September , and become a lien on August 27, 2018. Taxes are collected during the period September 1 to October 31, 2018.

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

**F. Restricted Resources**

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

**G. Interfund Transactions**

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

**( I. ) (Continued)**

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

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

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

**H. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**I. Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the 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.

**J. Receivables**

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

**K. Inventory and Prepaid Items**

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

**( I. ) (Continued)**

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

**L. Capital Assets**

In the 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 acquisition 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 of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

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The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

**M. Unearned Revenue**

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

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

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

**( I. ) (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

**O. Vested Employee Benefits**

**1. Compensated Absences**

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds 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.

**P. Other Benefits**

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.



( I. ) (Continued)

**Q. Short-Term Debt**

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

**R. Accrued Liabilities and Long-Term Obligations**

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

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

**S. Equity Classifications**

**1. District-Wide Statements**

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

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

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<b><u>Total</u></b>
Workers' Compensation	\$ 855,469
Unemployment Costs	1,629,465
Teachers' Retirement	824,063
Capital Projects	271,573
Tax Certiorari	1,282,404
Debt	1,002,457
Liability	<u>2,811,131</u>
<b>Total Net Position - Restricted for Other Purposes</b>	<b><u><u>\$ 8,676,562</u></u></b>

( I. ) (Continued)

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications. The reported deficit of \$175,111,907 at year end is the result of full implementation of GASB #75 regarding retiree health obligations.

2. **Fund Statements**

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

a. **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:

	<b>Total</b>
Inventory in School Lunch	\$ 74,157
Prepaid Items	332,255
Noncurrent Receivables	1,190,290
<b>Total Nonspendable Fund Balance</b>	<b>\$ 1,596,702</b>

b. **Restricted Fund Balances** – 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. All encumbrances of funds other than the general fund are classified as restricted fund balance. The District has established the following restricted fund balances:

**Capital Reserve** - According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

<b>Name of Reserve</b>	<b>Maximum Funding</b>	<b>Total Funding Provided</b>	<b>Total Year to Date Balance</b>
2017 Capital Reserve	\$ 5,000,000	\$ 4,755,741	\$ 4,027,991
2019 Capital Reserve	\$ 5,000,000	\$ 1,203,805	\$ 1,203,805

**Reserve for Debt Service** - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

( I. ) (Continued)

**Employee Benefit Accrued Liability Reserve** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

**Liability Reserve** - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

**Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

**Teachers' Retirement Reserve** – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

**Tax Certiorari Reserve** - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

**Unemployment Insurance Reserve** - According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**Workers' Compensation Reserve** - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any 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.

( I. ) (Continued)

**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 and School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

	<b><u>Total</u></b>
<b><u>General Fund -</u></b>	
Workers' Compensation	\$ 855,469
Unemployment Costs	1,629,465
Employee Retirement Contribution	10,323,477
Teacher Retirement Contribution	824,063
Tax Certiorari	1,282,404
Liability	2,811,131
Capital Reserves	5,231,796
Employee Benefit Accrued Liability	4,342,353
<b><u>Capital Fund -</u></b>	
Capital Projects	468,041
<b><u>Debt Service Fund -</u></b>	
Debt Service	1,002,457
<b>Total Restricted Fund Balance</b>	<b><u><u>\$ 28,770,656</u></u></b>

The District appropriated and/or budgeted funds from the following reserves for the 2019-20 budget:

	<b><u>Total</u></b>
Workers' Compensation	\$ 160,000
Retirement Contribution	1,742,222
<b>Total</b>	<b><u><u>\$ 1,902,222</u></u></b>

**Assigned Fund Balance** – Includes amounts that are constrained by the 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. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

( I. ) (Continued)

Management has determined significant encumbrances for the General Fund to be \$134,000, the Capital Projects Fund to be \$22,000 and the Special Aid Fund to be \$6,000. The District reports the following significant encumbrances.

<b><u>General Fund -</u></b>	
Teaching - Regular School	<u>\$ 227,043</u>
<b><u>Capital Projects Fund -</u></b>	
Capital Outlay	<u>\$ 502,539</u>
<b><u>Special Aid Fund -</u></b>	
Instruction	<u>\$ 265,489</u>

Assigned fund balances include the following:

	<b><u>Total</u></b>
General Fund - Encumbrances	\$ 412,926
General Fund - Appropriated for Taxes	2,658,525
Library Fund - Year End Equity	581,608
School Lunch Fund - Year End Equity	413,971
<b>Total Assigned Fund Balance</b>	<b><u>\$ 4,067,030</u></b>

- c. **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 and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. **Order of Use of Fund Balance**

The District’s policy is to apply expenditures against nonspendable 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, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**( I. ) (Continued)**

**T. New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new standards issued by GASB:

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will be effective for reporting periods beginning after June 15, 2018.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, which will be effective for reporting periods beginning after June 5, 2018.

**R. Future Changes in Accounting Standards**

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2018.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019

GASB has issued Statement No. 90, Majority equity Interests – an amendment of GASB statements No. 14 and No. 61, which will be effective for reporting periods beginning after December 15, 2018.

GASB has issued statement No. 91, Conduit Debt Obligations, which will be effective for reporting periods beginning after December 15, 2020.

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

**II. Stewardship, Compliance and Accountability**

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

**A. Budgets**

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

The voters of the District approved the proposed appropriation budget.

**( II. ) (Continued)**

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not 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 which exists which was not determined at the time the budget was adopted. During the 2018-19 year the budget was increased \$830,000 for voter approved transfer for capital project, \$57,000 for a special legislative grant and \$4,000 for donations.

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

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

**B. Encumbrances**

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

**C. Deficit Net Position**

The District-wide net position had a deficit at June 30, 2019 of \$76,465,912. The deficit is the result of the implementation of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$171,166,971 at June 30, 2019. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

**D. Deficit Fund Balance – Capital Projects Fund**

The Capital Projects Fund had a deficit undesignated fund balance of \$15,737,160 at June 30, 2019, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

**III. Cash and Cash Equivalents**

**Credit risk:** In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

**Concentration of Credit risk:** To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District’s investment policy limits the amounts that may be deposited with any one financial institution.

**Interest rate risk:** The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates

The District’s aggregate bank balances, included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		59,538,783
Collateralized within Trust Department or Agent		304,209
<b>Total</b>		<b><u><u>\$ 59,842,992</u></u></b>

Restricted cash represents cash 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 \$28,770,656 within the governmental funds and \$159,186 in the fiduciary funds.

**IV. Receivables**

Receivables at June 30, 2019 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	
Accounts Receivable	\$ 1,276,173	\$ -	\$ 19,626	\$ 1,295,799
Due From State and Federal	1,253,776	42,016	836,985	2,132,777
Other	2,494,879	-	56,088	2,550,967
Allowance for Uncollectible Accounts	-	-	(11,112)	(11,112)
<b>Total Receivables</b>	<b><u><u>\$ 5,024,828</u></u></b>	<b><u><u>\$ 42,016</u></u></b>	<b><u><u>\$ 901,587</u></u></b>	<b><u><u>\$ 5,968,431</u></u></b>



V. **Interfund Receivables, Payables, Revenues and Expenditures**

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2019 were as follows:

	<b>Interfund</b>			
	<b><u>Receivables</u></b>	<b><u>Payables</u></b>	<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>
General Fund	\$ 1,229,900	\$ 803,980	\$ -	\$ 8,020,047
Special Aid Fund	-	826,835	97,692	-
School Lunch Fund	168,629	30	11,112	-
Debt Service Fund	1,002,457	-	6,983,554	-
Capital Projects Fund	8,110	778,251	930,000	2,311
<b>Total</b>	<b><u>\$ 2,409,096</u></b>	<b><u>\$ 2,409,096</u></b>	<b><u>\$ 8,022,358</u></b>	<b><u>\$ 8,022,358</u></b>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

VI. **Capital Assets**

Capital asset balances and activity were as follows:

<b><u>Type</u></b>	<b><u>Balance</u></b> <b><u>7/1/2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>6/30/2019</u></b>
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets that are not Depreciated -</u></b>				
Land	\$ 2,039,499	\$ -	\$ -	\$ 2,039,499
Work in progress	-	-	-	-
<b>Total Nondepreciable</b>	<b><u>\$ 2,039,499</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,039,499</u></b>
<b><u>Capital Assets that are Depreciated -</u></b>				
Buildings and Improvements	\$ 145,410,392	\$ 11,708,014	\$ -	\$ 157,118,406
Machinery and equipment	15,331,903	2,622,132	1,119,336	16,834,699
<b>Total Depreciated Assets</b>	<b><u>\$ 160,742,295</u></b>	<b><u>\$ 14,330,146</u></b>	<b><u>\$ 1,119,336</u></b>	<b><u>\$ 173,953,105</u></b>
<b><u>Less Accumulated Depreciation -</u></b>				
Buildings and Improvements	\$ 44,696,415	\$ 2,683,730	\$ -	\$ 47,380,145
Machinery and equipment	10,551,139	1,459,070	1,057,309	10,952,900
<b>Total Accumulated Depreciation</b>	<b><u>\$ 55,247,554</u></b>	<b><u>\$ 4,142,800</u></b>	<b><u>\$ 1,057,309</u></b>	<b><u>\$ 58,333,045</u></b>
<b>Total Capital Assets Depreciated, Net of Accumulated Depreciation</b>	<b><u>\$ 105,494,741</u></b>	<b><u>\$ 10,187,346</u></b>	<b><u>\$ 62,027</u></b>	<b><u>\$ 115,620,060</u></b>
<b>Total Capital Assets</b>	<b><u>\$ 107,534,240</u></b>	<b><u>\$ 10,187,346</u></b>	<b><u>\$ 62,027</u></b>	<b><u>\$ 117,659,559</u></b>

( VI. ) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

<b><u>Governmental Activities:</u></b>	
General Government Support	\$ 752,765
Instruction	2,322,069
Pupil Transportation	1,067,510
School Lunch	456
<b>Total Depreciation Expense</b>	<b><u><u>\$ 4,142,800</u></u></b>

**VII. Short-Term Debt**

Transactions in short-term debt for the year are summarized below:

	<b><u>Original Amount</u></b>	<b><u>Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance 7/1/2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance 6/30/2019</u></b>
BAN-2014							
Capital Project	\$ 10,000,000	10/26/2018	2.50%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
BAN-2016							
Capital Project	\$ 28,932,400	10/25/2019	3.00%	-	28,932,400	-	28,932,400
<b>Total Short-Term Debt</b>				<b><u><u>\$ 10,000,000</u></u></b>	<b><u><u>\$ 28,932,400</u></u></b>	<b><u><u>\$ 10,000,000</u></u></b>	<b><u><u>\$ 28,932,400</u></u></b>

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 249,306
Less: Interest Accrued in the Prior Year	(168,282)
Plus: Interest Accrued in the Current Year	177,062
<b>Total Short-Term Interest Expense</b>	<b><u><u>\$ 258,086</u></u></b>

**VIII. Long-Term Debt Obligations**

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

	<b><u>Balance 7/1/2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance 6/30/2019</u></b>	<b><u>Due Within One Year</u></b>
<b><u>Governmental Activities:</u></b>					
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 32,884,514	\$ 1,087,060	\$ 5,044,514	\$ 28,927,060	\$ 3,092,060
Installment Purchase Debt	3,235,000	-	115,000	3,120,000	165,000
<b>Total Bonds and Notes Payable</b>	<b><u><u>\$ 36,119,514</u></u></b>	<b><u><u>\$ 1,087,060</u></u></b>	<b><u><u>\$ 5,159,514</u></u></b>	<b><u><u>\$ 32,047,060</u></u></b>	<b><u><u>\$ 3,257,060</u></u></b>
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ 1,364,956	\$ 1,529,944	\$ -	\$ 2,894,900	\$ -
OPEB	183,542,733	-	12,375,762	171,166,971	-
Compensated Absences	1,450,988	150,805	-	1,601,793	400,448
<b>Total Other Liabilities</b>	<b><u><u>\$ 186,358,677</u></u></b>	<b><u><u>\$ 1,680,749</u></u></b>	<b><u><u>\$ 12,375,762</u></u></b>	<b><u><u>\$ 175,663,664</u></u></b>	<b><u><u>\$ 400,448</u></u></b>
<b>Total Long-Term Obligations</b>	<b><u><u>\$ 222,478,191</u></u></b>	<b><u><u>\$ 2,767,809</u></u></b>	<b><u><u>\$ 17,535,276</u></u></b>	<b><u><u>\$ 207,710,724</u></u></b>	<b><u><u>\$ 3,657,508</u></u></b>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

( VIII. ) ( Continued )

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2019</u>
<b>Serial Bonds -</b>					
Construction	\$ 10,425,000	2012	2026	2%-5%	\$ 6,015,000
Construction	\$ 8,710,000	2014	2026	2%-5%	6,510,000
Buses	\$ 999,939	2015	2020	2%-3%	210,000
Buses	\$ 1,061,468	2016	2021	2.00%	435,000
Reconstruction	\$ 14,345,000	2017	2032	2%-5%	13,080,000
Buses	\$ 1,062,002	2017	2022	1.18%	650,000
Buses	\$ 1,149,514	2018	2023	2.00%	940,000
Buses	\$ 1,087,060	2019	2024	2.000%-2.125%	1,087,060
<b>Total Serial Bonds</b>					<b>\$ 28,927,060</b>
<b>Installment Purchase Debt -</b>					
Installment Purchase Debt	\$ 3,235,000	2018	2033	3.25%-4.00%	<b>\$ 3,120,000</b>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Installment Purchase Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,092,060	\$ 1,231,377	\$ 165,000	\$ 135,688
2021	2,995,000	1,114,502	170,000	129,088
2022	2,880,000	1,013,695	180,000	122,288
2023	2,790,000	891,641	190,000	115,088
2024	2,645,000	776,209	190,000	107,488
2025-29	10,755,000	2,227,806	1,120,000	384,188
2030-33	3,770,000	383,250	1,105,000	103,947
<b>Total</b>	<b>\$ 28,927,060</b>	<b>\$ 7,638,480</b>	<b>\$ 3,120,000</b>	<b>\$ 1,097,775</b>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$1,055,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2019 was composed of:

Interest Paid	\$ 1,572,423
Less: Interest Accrued in the Prior Year	(150,280)
Plus: Interest Accrued in the Current Year	586,658
<b>Total Long-Term Interest Expense</b>	<b>\$ 2,008,801</b>

**IX. Deferred Inflows/Outflows of Resources**

The following is a summary of the deferred inflows/outflows of resources:

	<b><u>Deferred Outflows</u></b>	<b><u>Deferred Inflows</u></b>
Pension	\$ 25,916,571	\$ 7,170,480
OPEB	11,842,433	43,896,911
<b>Total</b>	<b><u>\$ 37,759,004</u></b>	<b><u>\$ 51,067,391</u></b>

**X. Pension Plans**

**A. General Information**

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

**B. Provisions and Administration**

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

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

( X. ) (Continued)

C. **Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 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 VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2019:

<b><u>Contributions</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
2019	\$ 1,695,136	\$ 4,758,524

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2019, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2018	June 30, 2018
Net pension assets/(liability)	\$ (2,894,900)	\$ 4,574,052
District's portion of the Plan's total net pension asset/(liability)	0.04%	0.25%

For the year ended June 30, 2019, the District recognized pension expenses of \$1,981,396 for ERS and \$3,459,293 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

( X. ) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expended and actual experience	\$ 570,066	\$ 3,418,152	\$ 194,329	\$ 619,161
Changes of assumptions	727,660	15,989,311	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	742,991	5,077,546
Changes in proportion and differences between the District's contributions and proportionate share of contributions	282,365	-	106,880	429,573
Subtotal	<u>\$ 1,580,091</u>	<u>\$ 19,407,463</u>	<u>\$ 1,044,200</u>	<u>\$ 6,126,280</u>
District's contributions subsequent to the measurement date	441,375	4,487,642	-	-
<b>Grand Total</b>	<b><u>\$ 2,021,466</u></b>	<b><u>\$ 23,895,105</u></b>	<b><u>\$ 1,044,200</u></b>	<b><u>\$ 6,126,280</u></b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019	\$ -	\$ 4,494,113
2020	653,563	3,022,150
2021	(515,639)	237,661
2022	4,485	3,011,373
2023	393,482	2,035,309
Thereafter	-	480,577
<b>Total</b>	<b><u>\$ 535,891</u></b>	<b><u>\$ 13,281,183</u></b>

**E. Actuarial Assumptions**

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

( X. ) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.00%	7.25%
Salary scale	4.20%	4.72%-1.90%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.25%
COLA's	1.30%	1.50%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale AA.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

<u>Long Term Expected Rate of Return</u>		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
<u>Asset Type -</u>		
Domestic equity	4.55%	5.80%
International equity	6.35%	7.30%
Global equity	0.00%	6.70%
Private equity	7.50%	8.90%
Real estate	5.55%	4.90%
Absolute return strategies *	3.75%	0.00%
Opportunistic portfolios	5.68%	0.00%
Real assets	5.29%	0.00%
Bonds and mortgages	1.31%	0.00%
Cash	-0.25%	0.00%
Inflation-indexed bonds	1.25%	0.00%
Private debt	0.00%	6.80%
Real estate debt	0.00%	2.80%
High-yield fixed income securities	0.00%	3.50%
Domestic fixed income securities	0.00%	1.30%
Global fixed income securities	0.00%	0.90%
Short-term	0.00%	0.30%

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

\* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

( X. ) (Continued)

**F. Discount Rate**

The discount rate used to calculate the total pension liability was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' 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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 6.25% for TRS ) or 1-percentagepoint higher (8% for ERS and 8.25% for TRS) than the current rate :

	<b>1% Decrease <u>(6%)</u></b>	<b>Current Assumption <u>(7%)</u></b>	<b>1% Increase <u>(8%)</u></b>
<b><u>ERS</u></b>			
Employer's proportionate share of the net pension asset (liability)	\$ (12,656,966)	\$ (2,894,900)	\$ 5,305,927
	<b>1% Decrease <u>(6.25%)</u></b>	<b>Current Assumption <u>(7.25%)</u></b>	<b>1% Increase <u>(8.25%)</u></b>
<b><u>TRS</u></b>			
Employer's proportionate share of the net pension asset (liability)	\$ (31,424,482)	\$ 4,574,052	\$ 34,730,819

**H. Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<b>(In Thousands)</b>	
	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2019	June 30, 2018
Employers' total pension liability	\$ 189,803,429	\$ 118,107,253
Plan net position	182,718,124	119,915,517
Employers' net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ 1,808,264</u>
Ratio of plan net position to the employers' total pension asset/(liability)	96.27%	101.53%



( X. ) (Continued)

**I. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$441,375.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$4,758,524.

**XI. Postemployment Benefits**

**A. General Information About the OPEB Plan**

*Plan Description* – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided* – The District provides healthcare and life insurance 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 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:

Inactive employees or beneficiaries currently receiving benefit payments	399
Active Employees	809
<b>Total</b>	<b>1,208</b>

**B. Total OPEB Liability**

The District's total OPEB liability of \$171,166,971 was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

( XI. ) (Continued)

Inflation	2.4 percent
Salary Increases	3.0 percent, average, including inflation
Discount Rate	3.87 percent
Healthcare Cost Trend Rates	8.0 percent for 2020, decreasing to an ultimate rate of 3.84 percent for 2089 and later years
Retirees' Share of Benefit-Related Costs	Varies between 0% and 25% depending on contract

The discount rate was based on 20-year, tax exempt general municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RPH-2014 Mortality Tables, adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2015.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2018	<u>\$ 183,542,733</u>
<u>Changes for the Year -</u>	
Service cost	\$ 6,041,347
Interest	6,741,195
Differences between expected and actual experience	(29,060,911)
Changes in assumptions or other inputs	8,559,871
Benefit payments	<u>(4,657,264)</u>
Net Changes	<u>\$ (12,375,762)</u>
<b>Balance at June 30, 2019</b>	<b><u><u>\$ 171,166,971</u></u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.60 percent in 2018 to 3.87 percent in 2019.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>(2.87%)</u></b>	<b><u>(3.87%)</u></b>	<b><u>(4.87%)</u></b>
Total OPEB Liability	\$ 202,218,038	\$ 171,166,971	\$ 146,398,157

( XI. ) (Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease (7.00% Decreasing to 2.84%)</b>	<b>Healthcare Cost Trend Rates (8.00% Decreasing to 3.84%)</b>	<b>1% Increase (9.00 Decreasing to 4.84%)</b>
Total OPEB Liability	\$ 143,192,958	\$ 171,166,971	\$ 207,799,240

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$6,683,538. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expended and actual experience	\$ -	\$ 25,085,410
Changes of assumptions	7,388,890	18,811,501
Contributions after measurement date	4,453,543	-
<b>Total</b>	<b>\$ 11,842,433</b>	<b>\$ 43,896,911</b>

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

<b><u>Year</u></b>	
2020	\$ (6,099,004)
2021	(6,099,004)
2022	(6,099,004)
2023	(6,099,004)
Thereafter	(12,112,005)
<b>Total</b>	<b>\$ (36,508,021)</b>

## **XII. Risk Management**

### **A. General Information**

The District is exposed to various risks of loss related to injuries to employees, theft, damages, 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.

### **B. Workers' Compensation**

The District is a member of the Onondaga Cortland-Madison Workers' Compensation Consortium (the Plan). Current membership of the Plan includes participants from various municipal entities. The Plan is administered by Onondaga Cortland-Madison BOCES and utilizes a third party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2019, the District incurred premiums or contribution expenditures totaling \$657,118.

### **C. Major Medical**

The District self insures for major medical coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. They have also purchased stop-loss insurance for any major medical claims which exceed 125% of expected total claims. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic social factors.

A reconciliation of the claims recorded for 2019 and 2018 is as follows:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Beginning liabilities	\$ 3,611,417	\$ 3,605,054
Incurred claims	13,124,026	15,440,223
Claims payments	<u>(15,531,637)</u>	<u>(15,433,860)</u>
<b>Ending Liabilities</b>	<b><u><u>\$ 1,203,806</u></u></b>	<b><u><u>\$ 3,611,417</u></u></b>

( XII. ) (Continued)

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2019	\$ 13,124,026	\$ 15,531,637
2018	\$ 15,440,223	\$ 15,433,860
2017	\$ 16,163,816	\$ 16,113,318
2016	\$ 14,483,669	\$ 14,359,892
2015	\$ 14,863,104	\$ 14,547,158
2014	\$ 12,318,808	\$ 12,341,490
2013	\$ 12,168,231	\$ 12,422,268

**D. Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2018-19 fiscal year totaled 10,700. The balance of the fund at June 30, 2019 was \$1,629,465 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2019, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

**XIII. Commitments and Contingencies**

**A. Litigation**

There are several tax certiorari claims requesting reductions of assessments for which the outcome is not determinable at this time.

**B. Grants**

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

**XIV. Tax Abatement**

The County of Onondaga IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the district property tax revenue was reduced 2,400,551 The District received payment in lieu of tax (PILOT) payment totaling \$2,028,529 to help offset the property tax reduction.

**Required Supplementary Information**  
**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Changes in District's Total OPEB Liability and Related Ratio**  
**(Unaudited)**  
**For Year Ended June 30, 2019**

<b>TOTAL OPEB LIABILITY</b>		
	<u><b>2019</b></u>	<u><b>2018</b></u>
Service cost	\$ 6,041,347	\$ 7,635,866
Interest	6,741,195	5,850,661
Differences between expected and actual experiences	(29,060,911)	-
Changes of assumptions or other inputs	8,559,871	(25,400,469)
Benefit payments	<u>(4,657,264)</u>	<u>(4,387,630)</u>
<b>Net Change in Total OPEB Liability</b>	<b>\$ (12,375,762)</b>	<b>\$ (16,301,572)</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ <u>183,542,733</u></b>	<b>\$ <u>199,844,305</u></b>
<b>Total OPEB Liability - Ending</b>	<b>\$ <u><u>171,166,971</u></u></b>	<b>\$ <u><u>183,542,733</u></u></b>
Covered Employee Payroll	\$ 46,410,495	\$ 48,068,115
Total OPEB Liability as a Percentage of Covered Employee Payroll	368.81%	382.00%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**(Unaudited)**  
**For Year Ended June 30, 2019**

**NYSERS Pension Plan**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0409%	0.0423%	0.0391%	0.0417%	0.0417%
Proportionate share of the net pension liability (assets)	\$ 2,894,900	\$ 1,364,956	\$ 3,671,420	\$ 6,693,349	\$ 1,273,881
Covered-employee payroll	\$ 11,810,352	\$ 11,931,892	\$ 10,794,427	\$ 10,706,865	\$ 11,220,415
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	24.512%	11.440%	34.012%	62.515%	11.353%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

**NYSTRS Pension Plan**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.2530%	0.2526%	0.2478%	0.2458%	0.2419%
Proportionate share of the net pension liability (assets)	\$ (4,574,052)	\$ (1,920,060)	\$ 2,653,976	\$ (25,532,943)	\$ (26,944,583)
Covered-employee payroll	\$ 42,256,513	\$ 40,196,453	\$ 40,043,674	\$ 38,220,275	\$ 37,782,054
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-10.824%	-4.777%	6.628%	-66.805%	-71.316%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of District Contributions**  
**(Unaudited)**  
**For Year Ended June 30, 2019**

**NYSERS Pension Plan**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,695,137	\$ 1,766,951	\$ 1,627,046	\$ 1,805,493	\$ 2,194,177
Contributions in relation to the contractually required contribution	<u>(1,695,137)</u>	<u>(1,766,951)</u>	<u>(1,627,046)</u>	<u>(1,805,493)</u>	<u>(2,194,177)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 11,810,352	\$ 11,931,892	\$ 10,794,427	\$ 10,706,865	\$ 11,220,415
Contributions as a percentage of covered-employee payroll	14.35%	14.81%	15.07%	16.86%	19.56%

**NYSTRS Pension Plan**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,758,524	\$ 4,297,455	\$ 4,942,705	\$ 5,302,722	\$ 5,806,176
Contributions in relation to the contractually required contribution	<u>(4,758,524)</u>	<u>(4,297,455)</u>	<u>(4,942,705)</u>	<u>(5,302,722)</u>	<u>(5,806,176)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 42,256,513	\$ 40,196,453	\$ 40,043,674	\$ 38,220,275	\$ 37,782,054
Contributions as a percentage of covered-employee payroll	11.26%	10.69%	12.34%	13.87%	15.37%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.



**Required Supplementary Information**  
**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2019**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 48,179,441	\$ 48,179,441	\$ 48,525,885	\$ 346,444
Real property tax items	10,152,436	10,152,436	9,880,752	(271,684)
Non-property taxes	106,250	106,250	194,046	87,796
Charges for services	237,500	237,500	252,966	15,466
Use of money and property	150,000	150,000	757,024	607,024
Sale of property and compensation for loss	100,000	100,000	168,027	68,027
Miscellaneous	665,000	669,000	3,985,977	3,316,977
<b>State Sources -</b>				
Basic formula	39,351,025	39,351,025	31,530,190	(7,820,835)
Lottery aid	-	-	7,798,344	7,798,344
BOCES	3,349,452	3,349,452	3,245,491	(103,961)
Textbooks	459,609	459,609	337,850	(121,759)
<b>All Other Aid -</b>				
Computer software	102,639	102,639	189,813	87,174
Library loan	-	-	36,018	36,018
Handicapped students	-	-	268,155	268,155
Other aid	-	57,000	236,657	179,657
<b>Federal Sources</b>	<u>100,000</u>	<u>100,000</u>	<u>316,712</u>	<u>216,712</u>
<b>TOTAL REVENUES</b>	<u>\$ 102,953,352</u>	<u>\$ 103,014,352</u>	<u>\$ 107,723,907</u>	<u>\$ 4,709,555</u>
Appropriated reserves	<u>\$ 1,802,222</u>	<u>\$ 2,632,222</u>		
Appropriated fund balance	<u>\$ 2,504,365</u>	<u>\$ 2,504,365</u>		
Prior year encumbrances	<u>\$ 456,275</u>	<u>\$ 456,275</u>		
<b>TOTAL REVENUES AND</b>				
<b>APPROPRIATED RESERVES/</b>				
<b>FUND BALANCE</b>	<u><u>\$ 107,716,214</u></u>	<u><u>\$ 108,607,214</u></u>		

**Required Supplementary Information**  
**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2019**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 53,220	\$ 68,258	\$ 62,913	\$ 1,880	\$ 3,465
Central administration	273,751	281,788	279,321	1,696	771
Finance	918,555	925,432	887,652	7,057	30,723
Staff	666,487	715,242	695,918	2,009	17,315
Central services	6,408,104	6,143,827	5,557,261	129,392	457,174
Special items	766,823	775,792	771,130	-	4,662
<b>Instructional -</b>					
Instruction, administration and improvement	3,973,521	4,086,737	4,005,671	13,576	67,490
Teaching - regular school	31,850,808	31,945,152	31,443,763	227,043	274,346
Programs for children with handicapping conditions	12,224,659	12,139,069	12,049,363	8,175	81,531
Occupational education	884,384	884,384	834,385	-	49,999
Teaching - special schools	175,700	161,609	120,483	-	41,126
Instructional media	2,221,695	2,349,172	2,222,736	3,040	123,396
Pupil services	4,884,321	4,883,424	4,750,361	13,655	119,408
<b>Pupil Transportation</b>	5,546,520	5,598,953	5,551,173	5,403	42,377
<b>Employee Benefits</b>	29,566,019	29,516,728	28,924,865	-	591,863
<b>Debt service - interest</b>	100,000	100,000	-	-	100,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 100,514,567</u>	<u>\$ 100,575,567</u>	<u>\$ 98,156,995</u>	<u>\$ 412,926</u>	<u>\$ 2,005,646</u>
<b>Other Uses -</b>					
Transfers - out	\$ 7,201,647	\$ 8,031,647	\$ 8,020,047	\$ -	\$ 11,600
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 107,716,214</u>	<u>\$ 108,607,214</u>	<u>\$ 106,177,042</u>	<u>\$ 412,926</u>	<u>\$ 2,017,246</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,546,865</b>		
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>34,733,369</u>	<u>34,733,369</u>	<u>34,733,369</u>		
<b>FUND BALANCE, END OF YEAR</b>	<u><b>\$ 34,733,369</b></u>	<u><b>\$ 34,733,369</b></u>	<u><b>\$ 36,280,234</b></u>		

**Note to Required Supplementary Information:**

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

**Supplementary Information**  
**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Real Property Tax Limit**  
**For Year Ended June 30, 2019**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget		\$ 107,259,939
Prior year's encumbrances		456,275
<b>Original Budget</b>		<b>\$ 107,716,214</b>
Budget revisions -		
Voter approved transfer for capital project		830,000
Legislative grant		57,000
Donations		4,000
<b>FINAL BUDGET</b>		<b><u><u>\$ 108,607,214</u></u></b>

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

2019-20 voter approved expenditure budget		\$ 109,651,972
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 3,071,451	
Unassigned fund balance	4,386,080	
Total Unrestricted fund balance	\$ 7,457,531	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 2,658,525	
Encumbrances included in assigned fund balance	412,926	
Total adjustments	\$ 3,071,451	
General fund fund balance subject to Section 1318 of Real Property Tax Law		4,386,080
<b>ACTUAL PERCENTAGE</b>		<b><u><u>4.00%</u></u></b>

Supplementary Information  
**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**CAPITAL PROJECTS FUND**  
**Schedule of Project Expenditures**  
**For Year Ended June 30, 2019**

Project Title	Expenditures					Unexpended Balance	Methods of Financing					Fund Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total		Obligations	Local Sources	State Sources	Transfers	Total	
2013-14 Bus Purchases	\$ 918,000	\$ 918,000	\$ 918,000	\$ -	\$ 918,000	\$ -	\$ 918,000	\$ -	\$ -	\$ -	\$ 918,000	\$ -
2014-15 Bus Purchases	999,939	999,939	999,939	-	999,939	-	999,939	-	-	-	999,939	-
2015-16 Bus Purchases	1,061,468	1,061,468	1,066,563	-	1,066,563	(5,095)	-	808,838	252,630	5,095	1,066,563	-
2016-17 Bus Purchases	1,062,002	1,062,002	1,020,662	-	1,020,662	41,340	1,062,002	-	-	-	1,062,002	41,340
2017-18 Bus Purchases	1,149,514	1,149,514	1,121,324	-	1,121,324	28,190	1,149,514	-	-	-	1,149,514	28,190
2018-19 Bus Purchases	1,087,060	1,087,060	-	1,066,330	1,066,330	20,730	1,087,060	-	-	-	1,087,060	20,730
2013-14 Renovation Project	18,500,000	18,500,000	18,393,792	-	18,393,792	106,208	14,345,000	4,155,000	-	-	18,500,000	106,208
2015-16 Renovation Project	32,432,400	32,432,400	8,282,061	10,946,298	19,228,359	13,204,041	-	3,500,000	-	-	3,500,000	(15,728,359)
2018 Energy Performance	3,500,000	3,500,000	3,435,241	73,488	3,508,729	(8,729)	3,235,000	264,928	-	-	3,499,928	(8,801)
2018-19 Ray Project	100,000	100,000	-	100,000	100,000	-	-	100,000	-	-	100,000	-
2019 Safety & Security Project	4,310,000	4,310,000	-	558,427	558,427	3,751,573	-	830,000	-	-	830,000	271,573
Smart Schools	1,242,941	1,242,941	1,022,280	42,000	1,064,280	178,661	-	-	1,064,280	-	1,064,280	-
<b>TOTAL</b>	<b>\$ 66,363,324</b>	<b>\$ 66,363,324</b>	<b>\$ 36,259,862</b>	<b>\$ 12,786,543</b>	<b>\$ 49,046,405</b>	<b>\$ 17,316,919</b>	<b>\$ 22,796,515</b>	<b>\$ 9,658,766</b>	<b>\$ 1,316,910</b>	<b>\$ 5,095</b>	<b>\$ 33,777,286</b>	<b>\$ (15,269,119)</b>

**Supplementary Information**  
**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Library Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,600	\$ 248,282	\$ 630,400	\$ -	\$ 883,282
Receivables	833,225	68,362	-	-	901,587
Inventories	-	74,157	-	-	74,157
Due from other funds	-	168,629	-	1,002,457	1,171,086
<b>TOTAL ASSETS</b>	<b>\$ 837,825</b>	<b>\$ 559,430</b>	<b>\$ 630,400</b>	<b>\$ 1,002,457</b>	<b>\$ 3,030,112</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b><u>Liabilities</u> -</b>					
Accounts payable	\$ 8,298	\$ 29,617	\$ 17,363	\$ -	\$ 55,278
Accrued liabilities	2,692	4,445	31,429	-	38,566
Due to other funds	826,835	30	-	-	826,865
Due to other governments	-	1,428	-	-	1,428
Unearned revenue	-	35,782	-	-	35,782
<b>TOTAL LIABILITIES</b>	<b>\$ 837,825</b>	<b>\$ 71,302</b>	<b>\$ 48,792</b>	<b>\$ -</b>	<b>\$ 957,919</b>
<b><u>Fund Balances</u> -</b>					
Nonspendable	\$ -	\$ 74,157	\$ -	\$ -	\$ 74,157
Restricted	-	-	-	1,002,457	1,002,457
Assigned	-	413,971	581,608	-	995,579
<b>TOTAL FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 488,128</b>	<b>\$ 581,608</b>	<b>\$ 1,002,457</b>	<b>\$ 2,072,193</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 837,825</b>	<b>\$ 559,430</b>	<b>\$ 630,400</b>	<b>\$ 1,002,457</b>	<b>\$ 3,030,112</b>

**Supplementary Information**  
**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For Year Ended June 30, 2019**

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Library Fund		
<b>REVENUES</b>					
Real property taxes and tax items	\$ -	\$ -	\$ 1,510,263	\$ -	\$ 1,510,263
Charges for services	-	-	21,593	-	21,593
Use of money and property	-	2,152	9,532	-	11,684
Miscellaneous	29,360	39,828	43,184	-	112,372
State sources	531,282	25,538	-	-	556,820
Federal sources	2,100,206	779,434	-	-	2,879,640
Sales	-	836,797	-	-	836,797
Premium on obligations issued	-	-	-	262,858	262,858
<b>TOTAL REVENUES</b>	<b>\$ 2,660,848</b>	<b>\$ 1,683,749</b>	<b>\$ 1,584,572</b>	<b>\$ 262,858</b>	<b>\$ 6,192,027</b>
<b>EXPENDITURES</b>					
Instruction	\$ 2,666,719	\$ -	\$ -	\$ -	\$ 2,666,719
Pupil transportation	91,821	-	-	-	91,821
Community services	-	-	1,255,603	-	1,255,603
Employee benefits	-	274,030	269,659	-	543,689
Debt service - principal	-	-	-	5,159,514	5,159,514
Debt service - interest	-	-	-	1,821,729	1,821,729
Cost of sales	-	647,107	-	-	647,107
Other expenses	-	603,522	-	-	603,522
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,758,540</b>	<b>\$ 1,524,659</b>	<b>\$ 1,525,262</b>	<b>\$ 6,981,243</b>	<b>\$ 12,789,704</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (97,692)</b>	<b>\$ 159,090</b>	<b>\$ 59,310</b>	<b>\$ (6,718,385)</b>	<b>\$ (6,597,677)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers - in	\$ 97,692	\$ 11,112	\$ -	\$ 6,983,554	\$ 7,092,358
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 97,692</b>	<b>\$ 11,112</b>	<b>\$ -</b>	<b>\$ 6,983,554</b>	<b>\$ 7,092,358</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 170,202</b>	<b>\$ 59,310</b>	<b>\$ 265,169</b>	<b>\$ 494,681</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>-</b>	<b>317,926</b>	<b>522,298</b>	<b>737,288</b>	<b>1,577,512</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 488,128</b>	<b>\$ 581,608</b>	<b>\$ 1,002,457</b>	<b>\$ 2,072,193</b>

**Supplementary Information**  
**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**For Year Ended June 30, 2019**

<b>Capital assets, net</b>		\$ 117,659,559
<b>Add:</b>		
Unspent bond proceeds	\$ 196,468	196,468
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ 3,092,060	
Long-term portion of bonds payable	25,835,000	
Assets purchased with short-term financing	15,737,160	
Short-term portion of installment purchase debt	165,000	
Long-term portion of installment purchase debt	2,955,000	
		47,784,220
<b>Net Investment in Capital Assets</b>		<b>\$ 70,071,807</b>

**Supplementary Information**  
**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Year Ended June 30, 2019**

<u>Grantor / Pass - Through Agency</u>	<u>CFDA</u>	<u>Grantor</u>	<u>Pass-Through</u>	<u>Total</u>
<u>Federal Award Cluster / Program</u>	<u>Number</u>	<u>Number</u>	<u>Agency</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-19-0648	\$ 1,286,961
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-19-0648	39,632
<i>Total Special Education Cluster IDEA</i>				<u>\$ 1,326,593</u>
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-19-2130	154,678
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-18-2130	113
Title IVA - Student Support and Academic Enrichments Grants	84.424	N/A	0147-19-2130	42,777
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-18-2130	5,430
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-19-2130	570,616
<b>Total U.S. Department of Education</b>				<b><u>\$ 2,100,207</u></b>
 <u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	006720	\$ 553,463
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	006720	101,502
National School Breakfast Program	10.553	N/A	006720	124,469
<i>Total Child Nutrition Cluster</i>				<u>\$ 779,434</u>
<b>Total U.S. Department of Agriculture</b>				<b><u>\$ 779,434</u></b>
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 2,879,641</u></b>



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

**Independent Auditors' Report**

To the Board of Education  
Baldwinsville Central School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baldwinsville Central School District, New York, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Baldwinsville Central School District, New York's basic financial statements, and have issued our report thereon dated October 15, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Baldwinsville Central School District, New York's internal control over financial reporting 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 Baldwinsville Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Baldwinsville Central School District, New York'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 District'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 Baldwinsville Central School District, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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



Rochester, New York  
October 15, 2019

**BALDWINVILLE CENTRAL SCHOOL DISTRICT  
NEW YORK**

**COMMUNICATING INTERNAL CONTROL  
RELATED MATTERS IDENTIFIED IN AN AUDIT**

**For Year Ended June 30, 2019**

**MENGEL METZGER BARR & CO. LLP**  
RAYMOND F. WAGER, CPA, P.C. DIVISION

# MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

October 15, 2019

To the Board of Education  
Baldwinsville Central School District, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baldwinsville Central School District, New York as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Baldwinsville Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

## **Prior Year Deficiencies Pending Corrective Action:**

### **Claims Auditor** –

It is our understanding that the construction manager hired by the District manages all change orders and ensures they have the proper approvals. However, for an additional control feature, we recommend the claims auditor periodically review change orders to ensure the process is working.

**To the Board of Education  
Baldwinsville Central School District, New York**

**(Prior Year Deficiencies Pending Corrective Action) (Continued)**

**Library** –

During the course of our examination, we noted that the purchasing policy for the Library does not address quoting thresholds.

In an effort to conform with General Municipal Law, we recommend the Administration review this policy and create a regulation that establishes a range for obtaining quotations.

**Current Year Deficiency in Internal Control:**

**Payroll** –

As part of our payroll examination, we reviewed the payroll documentation maintained for the extra pay item identified in the contracts. During this examination, we noted one instance where there was no documentation on file to support an individual receiving extra pay for fifteen credit hours. In addition, we noted one instance in which the hourly rate paid was lower than what the salary notice indicated.

We recommend the District review their procedures to ensure appropriate documentation is obtained and maintained on file prior to employees receiving the extra pay benefit. In addition, we recommend procedures be developed to ensure rates are in agreement with the salary notices after they are initially entered into the system.

**Other Items:**

The following items are not considered to be deficiencies in internal control, however, we consider them other items which we would like to communicate to you as follows:

**Cyber Risk Management** –

The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the District continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

**Federal Programs** –

As a result of recent federal program changes, the District documents various Federal program procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirement.

**To the Board of Education  
Baldwinsville Central School District, New York**

**Prior Year Recommendations:**

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

1. All purchase orders selected for testing appeared to be dated and approved prior to the actual purchase being made.
2. The bank reconciliations examined were reviewed, signed, and dated by an individual independent of the bank reconciliation process.
3. The District transferred the amounts that were appropriated from the Workers' Compensation and Retirement Contribution reserves to the General Fund to support the 2018-19 budget.
4. Three old capital projects from prior years were closed out and transferred to the Debt Service Fund.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.



Rochester, New York  
October 15, 2019

Matthew J. McDonald  
Superintendent of Schools



**Baldwinsville**  
Central School District  
Achieving our full potential together.

James J. Rodems  
Assistant Superintendent for  
Management Services  
29 East Oneida Street  
Baldwinsville, NY 13027  
315-638-6055(Office), 315-635-3970 (Fax)

October 21, 2019

Corrective Action Plan

In Response to Management Letter for June 30, 2019 Financials

**Prior Year Deficiencies Pending Corrective Action:**

**Claims Auditor –**

It is our understanding that the construction manager hired by the District manages all change orders and ensures they have the proper approvals. However, for an additional control feature, we recommend the claims auditor periodically review change orders to ensure the process is working.

***Claims Auditor – Management Response***

*Claims Auditor has started to review change orders in 2019-20.*

**Library –**

During the course of our examination, we noted that the purchasing policy for the Library does not address quoting thresholds.

In an effort to conform with General Municipal Law, we recommend the Administration review this policy and create a regulation that establishes a range for obtaining quotations.

***Library – Management Response***

*In 2018 the District approached the Baldwinsville Public Library leadership about using the District's purchasing limits. This was brought to the Library Board and that Board refused to implement the District's purchasing limits.*

**Current Year Deficiency in Internal Control:**

**Payroll –**

As part of our payroll examination, we reviewed the payroll documentation maintained for the extra pay item identified in the contracts. During this examination, we noted one instance where there was no

documentation on file to support an individual receiving extra pay for fifteen credit hours. In addition, we noted one instance in which the hourly rate paid was lower than what the salary notice indicated.

We recommend the District review their procedures to ensure appropriate documentation is obtained and maintained on file prior to employees receiving the extra pay benefit. In addition, we recommend procedures be developed to ensure rates are in agreement with the salary notices after they are initially entered into the system.

#### ***Payroll - Management Response***

*In both of the stated instances the errors were corrected at the time of the audit. In the instance of the teacher whose graduate hours were overstated - a settlement was reached with the NYSUT local union leadership. In the second instance the underpayment was calculated and the hourly employee received a check for the value of the underpayment. Going forward the District will continue to monitor the extra pay provided to our employees. The District is working with OCM BOCES and a software vendor that will lead to an electronic upload of employee data to our WinCap accounting system. This should enhance our ability to monitor the extra pay rates.*

#### **Other items:**

The following items are not considered to be deficiencies in internal control, however, we consider them other items which we would like to communicate to you as follows:

#### **Cyber Risk Management –**

The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the District continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

#### ***Cyber Risk - Management Response***

*Our internal auditors in 2018-19 performed a cyber risk assessment. The result of this were several changes in how the District manages this risk. We are working with OCMBOCES and our vendors to enhance our ability to deal with this risk. We also embarked on a mandatory series of cyber risk training for all of our employees who access our network. The District views this area as one where we have to have continuous improvement to stay ahead of cyber threats.*

#### **Federal Programs –**

As a result of recent federal program changes, the District documents various Federal program procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirement.



**Federal Program - Management Response**

*The District will continue to monitor changes in federal regulations involving our grants to ensure compliance. The District leadership responsible for these programs regularly attend training in this area. The District also has a fairly straight forward approach to federal grant programs. In the case of Title 1 and the various Special Education grants we use these to pay base salaries for employees. In the area of training and food service oriented grants there is a bit more complexity. However, the training grant is a small dollar value and is not difficult to manage. Food service has its own Fund in our accounting system – this is subject to regular review. Our food service director is a state-wide leader in the school food service community. As such he is aware of any upcoming changes before the rest of his associates.*