

Schuylerville Central School
Financial Statements and Independent Auditor's Report
June 30, 2019

Schuylerville Central School

June 30, 2019

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JENKINS, BEECHER & BETHEL, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Route 9, P.O. Box 1246

South Glens Falls, New York 12803

(518) 793-5166

Fax (518) 793-5236

Jeffrey J. Beecher, CPA
Stephen G. Bethel, CPA
Preston L. Jenkins, Jr., CPA, Retired

Members
New York State Society of
Certified Public Accountants
American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Education
Schuylerville Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Schuylerville Central School (the "District") 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 general purpose financial statements are free of 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 financial position of the governmental activities and each major fund of Schuylerville Central School as of June 30, 2019, and the respective changes in financial position thereof for the year

then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information that follow 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule of expenditures of 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information included in this report has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In Accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 3, 2019

Jenkins, Beecher + Bethel LLP

**Schuylerville Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

This section of Schuylerville Central School District's annual financial report presents its discussion and analysis of financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District continued to offer all programs, without reducing services, while maintaining the maximum fund balance allowed by state law.
- Revenues increased 6.0% as a result of increased State Aid and Operating Grants .
- Expenditures decreased 13.0% this was mostly due to the large decrease in general support and employee benefits.
- Student enrollment for the 2018-2019 school year was 1,545, this is a 35 student decrease from 2017-2018 when the student enrollment was 1,580.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

Figure A-1

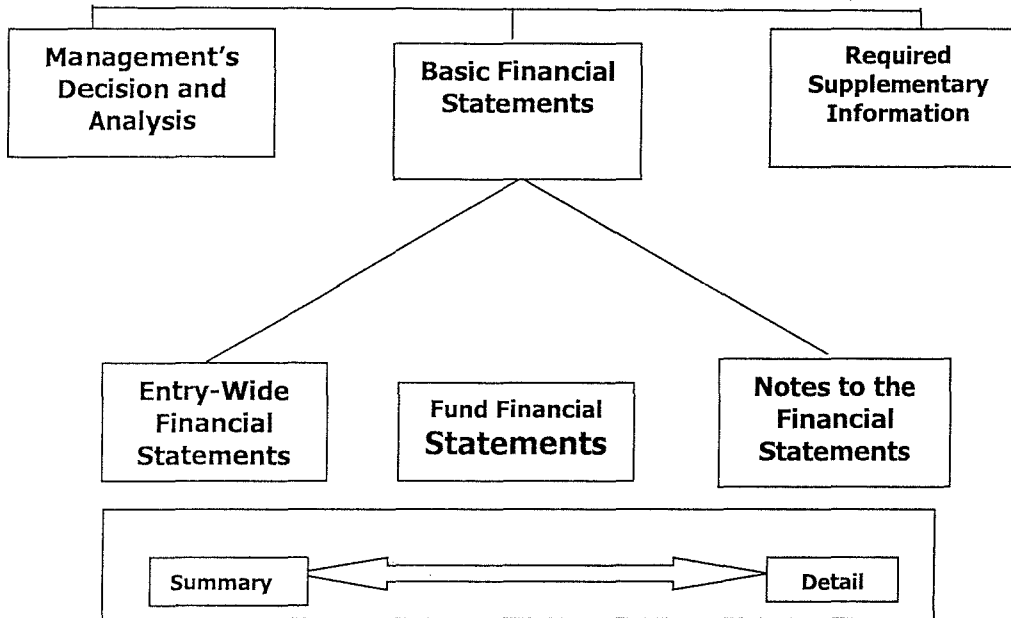


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Figure A-2 Major Features of the District-Wide and Fund Financial Statements

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

Entity-Wide Statements

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

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

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

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

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper program/activities.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.
- Allocate net position balances as follows:
 - Net position invested in capital assets, net of debt.
 - Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulation of governments) or imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted net positions are net positions that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- Governmental Funds: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the entity-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. In summary, the governmental fund statement focus primarily on the sources, uses and balances of current financial resources and often has a budgetary orientation. Included are the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Permanent Funds. Required statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balance.

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report should be used to support the District's won programs is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans certain post-employment healthcare plans.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position decreased as of June 30, 2019 by increased from \$3,797,634 to (\$41,451,954) as detailed in Figures A-3 and A-4.

Figure A-3
CONDENSED STATEMENT OF NET POSITION

	Total School District		Total Percentage Change
	2018	2019	2018-2019
Current and Other Assets	\$14,352,725	\$24,799,091	73.0%
Capital Assets	\$29,290,500	\$28,270,293	-3.0%
Deferred Outflows of Resources	\$8,375,255	\$27,686,184	231.0%
Total Assets & Deferred Outflows of Resources	\$52,018,480	\$80,755,568	55.0%
Long-Term Debt Outstanding	\$87,630,256	\$93,639,278	7.0%
Other Liabilities	\$6,822,436	\$17,831,264	161.0%
Total Liabilities	\$94,452,692	\$111,470,542	18.0%
Deferred Inflows of Resources	\$2,815,376	\$10,736,980	281.0%
Total Liabilities & Deferred Inflows of Resources	\$97,268,068	\$122,207,522	26.0%
Net Position			
Invested in Capital Assets, Net of Related Debt	\$6,415,500	(\$2,159,707)	-134.0%
Restricted	\$4,239,124	\$4,173,745	-2.0%
Unrestricted	(55,904,212)	(43,465,992)	22.0%
TOTAL NET POSITION	(45,249,588)	(41,451,954)	-8.00%

Note: Totals may not add due to rounding

Changes in Net Position

The District's fiscal year 2019 revenues totaled \$38,256,348. (See Figure A-4). Property taxes and State Formula Aid accounted for most of the District's revenue by contributing 45.3% and 47.9%, respectively, of every dollar raised (See Figure A-5). The remainder came from fees charged for services, federal grants and other miscellaneous sources.

The total cost of all programs and services totaled \$34,458,709 for fiscal year 2019. These expenses (87.1%) are predominately general support, instruction and employee benefits. (See Figure A-6).

Net position increased during the year by \$3,797,639 from normal operations.

Figure A-4
CHANGES IN NET POSITION FROM OPERATING RESULTS

	Total School District		Total Percentage Change
	2018	2019	2018-2019
REVENUES			
Program Revenues			
Charges for Services	\$ 765,558	\$ 890,572	16.0%
Operating Grants and Contributions	1,051,961	1,024,065	-3.0%
Capital Grants Contributions			0.0%
General Revenues			
Property Taxes	16,993,691	17,347,972	2.0%
State Formula Aid	16,520,904	18,306,714	11.0%
Federal Aid	23,419	44,207	89.0%
Use of Money & Property	206,327	146,349	-29.0%
Miscellaneous	468,875	496,469	6.0%
TOTAL REVENUES	\$ 36,030,735	\$ 38,256,348	6.00%
EXPENSES			
General Support	\$ 3,563,989	\$ 3,144,060	-12.0%
Instruction	17,469,380	21,514,895	23.0%
Transportation	1,696,008	1,740,571	3.0%
Community Service	-	-	0.0%
Employee Benefits	14,108,908	5,391,900	-62.0%
Debt Service - Interest	765,910	759,869	-1.0%
Depreciation	1,165,468	1,056,775	-9.0%
School Lunch Program	715,798	737,843	3.0%
Other Expenses	167,977	112,796	-33.0%
TOTAL EXPENSES	\$ 39,653,438	\$ 34,458,709	-13.00%
INCREASE IN NET POSITION	\$ (3,622,703)	\$ 3,797,639	

Note: Totals may not add due to rounding

Sources of Revenue for Fiscal Year 2019

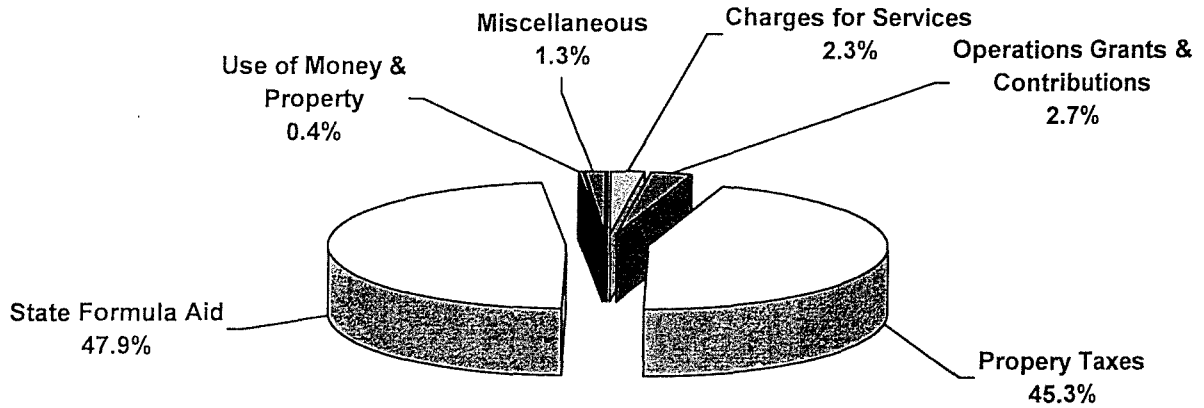


Figure A-5

Sources of Expenses for 2019

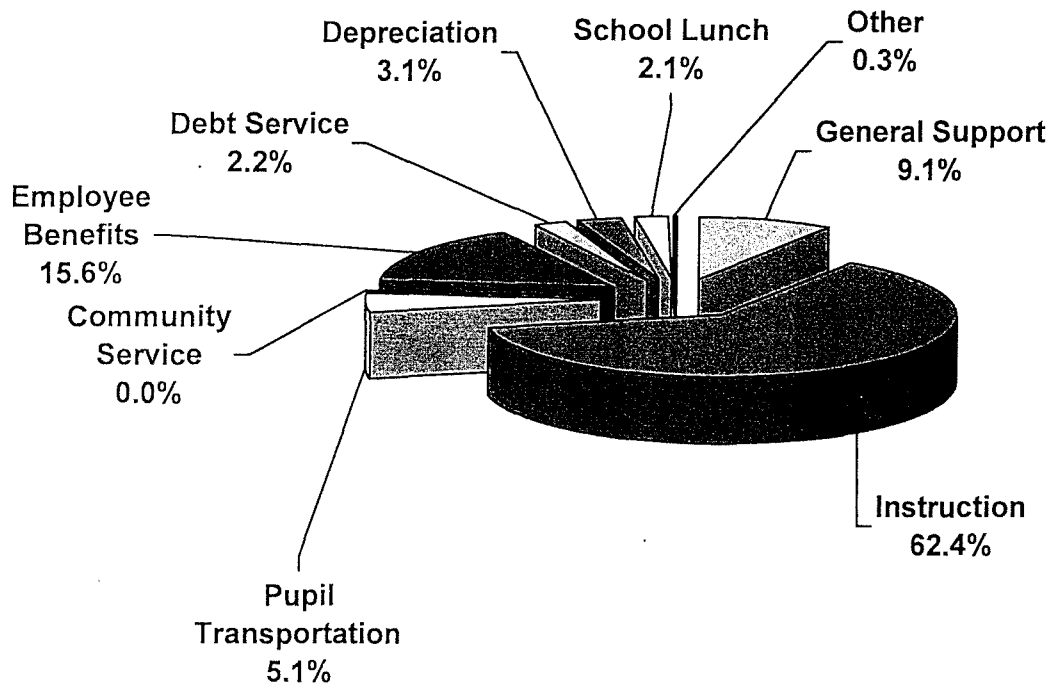


Figure A-6

Governmental Activities

Revenues for the District's governmental activities totaled \$38,256,348 while total expenses equaled \$34,458,709. Therefore, the increase in net position for governmental activities was \$3,797,639. The continuation of the District's good financial condition can be credited to:

- Continued leadership of the District's Board;
- Approval of the District's proposed annual budget;
- Continued state and federal aid; and
- Strategic use of services from the Board of Cooperative Educational Services (BOCES).

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The figure also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2017-2018	2018-2019	2012-	2017-2018	2018-2019	2018-2019
General Support	3,563,989	3,144,060	-11.78%	\$ 3,563,989	\$ 3,144,060	-11.78%
Insturction	17,469,380	21,514,895	23.16%	16,309,140	20,272,481	24.30%
Pupil Transportation	1,696,008	1,740,571	2.63%	1,696,008	1,740,571	2.63%
Community Service	-	-	0.00%	-	-	0.00%
Employee Benefits	14,108,908	5,391,900	-61.78%	14,108,908	5,391,900	-61.78%
Debt Service	765,910	759,869	-0.79%	765,910	759,869	-0.79%
Depreciation	1,165,468	1,056,775	-9.33%	1,165,468	1,056,775	-9.33%
School Lunch	715,798	737,843	3.08%	58,519	65,620	12.13%
Other	167,977	112,796	-32.85%	167,977	112,796	-32.85%
TOTAL	\$ 39,653,438	\$ 34,458,709	-13.10%	\$ 37,835,919	\$ 32,544,072	-13.99%

- The cost of all governmental activities this year was \$34,458,709.
- The users of the School District's programs financed \$890,572 of the costs.
- The federal and state government financed \$19,374,986 of the costs.
- Most of the District's net costs were financed by taxpayers and state aid.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

No other significant variances were reflected in the governmental fund financial statements for 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of 2019, the District had invested money in a broad range of capital assets.

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities And Total School District		Percentage Change
	2018	2019	2018-2019
Land	\$ 147,800	\$ 147,800	0.00%
Buildings	43,239,324	43,239,324	0.00%
Equipment & Furniture	2,390,335	2,421,371	1.30%
Accumulated Depreciation	(16,486,959)	(17,538,202)	6.38%
Total	\$ 29,290,500	\$ 28,270,293	-3.48%

More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements.

Figure A-9

Outstanding Long-Term Debt

	Governmental Activities And Total School District		Percentage Change
	2018	2019	2018-2019
Bonds Payable	\$ 18,275,000	\$ 16,115,000	-11.82%
Retirees Health Insurance	68,919,333	76,041,751	10.33%
Total	\$ 87,194,333	\$ 92,156,751	5.69%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any circumstances that could significantly affect its financial health in the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Schuylerville Central School

District Offices
 Attn: Business Manager
 14 Spring Street
 Schuylerville, NY 12871
 (518) 695-3255

FINANCIAL STATEMENTS

Schuylerville Central School
Statement of Net Position
Governmental Activities
June 30, 2019

ASSETS		
Cash		
Unrestricted	\$ 20,549,991	
Restricted	<u>18,479</u>	
Investments		
Unrestricted		
Restricted		
Receivables		
Taxes		
State and Federal aid	<u>2,146,449</u>	
Due from other governments	<u>134</u>	
Due from fiduciary funds		
Other	<u>825,127</u>	
Inventories	<u>20,945</u>	
Net Pension Asset, Proportionate Share	<u>1,237,966</u>	
Capital assets, net	<u>28,270,293</u>	
	Total Assets	\$ 53,069,384
DEFERRED OUTFLOWS OF RESOURCES		
Other post employment benefits	<u>20,327,026</u>	
Pensions	<u>7,359,158</u>	
	Total Deferred Outflows of Resources	<u>27,686,184</u>
		<u>80,755,568</u>
LIABILITIES		
Payables		
Accounts payable	\$ 2,019,191	
Accrued liabilities		
Due to other governments	<u>519</u>	
Due to other funds		
Due to fiduciary funds		
Bond interest and matured bonds		
Due to teachers' retirement	<u>1,327,987</u>	
Due to employees' retirement	<u>168,567</u>	
Notes payable		
Tax anticipation		
Revenue anticipation		
Bond anticipation	<u>14,315,000</u>	
Unearned credits		
Overpayments and collections in advance		
Unearned revenues - planned balance		
Unearned revenues - other	<u>64,758</u>	
Long-term liabilities		
Due and payable within one year		
Bonds payable	<u>1,595,000</u>	
Due and payable after one year		
Bonds payable	<u>14,520,000</u>	
Installment purchase debt payable		
Compensated absences	<u>565,557</u>	
Other Postemployment benefits payable	<u>76,041,751</u>	
Judgements and claims payable		
Net Pension Liability, Proportionate Share	<u>852,212</u>	
Bond interest		
	Total Liabilities	\$ 111,470,542
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment benefits	<u>8,859,819</u>	
Pensions	<u>1,877,161</u>	
	Total Deferred Inflows of Resources	<u>10,736,980</u>
NET POSITION		
Investment in capital assets, net of related debt	<u>(2,159,707)</u>	
Restricted for:		
Restricted Reserves	<u>4,173,745</u>	
Unrestricted (deficit)	<u>(43,465,992)</u>	
	Total Net Position	\$ (41,451,954)

Schuylerville Central School
Statement of Activities
Governmental Activities
For the Year Ended June 30, 2019

	Expenses	Indirect Expenses Allocation *	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 3,144,060	\$	\$	\$	\$ (3,144,060)
Instruction	21,514,895		510,216	732,198	(20,272,481)
Pupil transportation	1,740,571				(1,740,571)
Community service					
Employee benefits	5,391,900				(5,391,900)
Debt service-Interest	759,869				(759,869)
Other expenses	112,796				(112,796)
Depreciation - Unallocated		1,056,775			(1,056,775)
School lunch program	737,843		380,356	291,867	(65,620)
Total Functions and Programs	\$ 33,401,934	\$ 1,056,775	\$ 890,572	\$ 1,024,065	\$ (32,544,072)
GENERAL REVENUES					
Real property taxes					17,347,972
Other tax items					
Nonproperty taxes					
Use of money and property					144,056
Sale of property and compensation for loss					2,293
Miscellaneous					496,469
Interfund revenue					
State sources					18,306,714
Federal sources					44,207
Medicaid reimbursement					
Total General Revenues					36,341,711
Change in Net Position					3,797,639
Total Net Position - Beginning of year, As Previously Reported					(45,249,588)
Rounding					(5)
Total Net Position - End of year					\$ (41,451,954)

Schuylerville Central School
Balance Sheet - Governmental Funds
June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Project	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 9,368,220	\$ _____	\$ 142,853	\$ _____	\$ 11,038,918	\$ 20,549,991
Restricted	18,479	_____	_____	_____	_____	18,479
Investments	_____	_____	_____	_____	_____	_____
Unrestricted	_____	_____	_____	_____	_____	_____
Restricted	_____	_____	_____	_____	_____	_____
Receivables	_____	_____	_____	_____	_____	_____
Taxes	_____	_____	_____	_____	_____	_____
Due from other funds	243,991	1,270,181	_____	_____	_____	1,514,172
Due from fiduciary funds	_____	_____	_____	_____	_____	_____
State and Federal aid	628,058	225,817	22,393	_____	1,270,181	2,146,449
Due from other governments	134	_____	_____	_____	_____	134
Other	825,127	_____	_____	_____	_____	825,127
Inventories	_____	_____	20,945	_____	_____	20,945
Deferred expenditures	_____	_____	_____	_____	_____	_____
Capital assets, net	_____	_____	_____	_____	_____	_____
Total Assets	\$ 11,084,009	\$ 1,495,998	\$ 186,191	\$ _____	\$ 12,309,099	\$ 25,075,297
LIABILITIES						
Payables						
Accounts payable	\$ 523,130	\$ 1,495,998	\$ 63	\$ _____	\$ _____	\$ 2,019,191
Accrued liabilities	_____	_____	_____	_____	_____	_____
Due to other funds	_____	_____	_____	_____	1,514,172	1,514,172
Due to fiduciary funds	_____	_____	_____	_____	_____	_____
Due to other governments	_____	_____	519	_____	_____	519
Retainage payable	_____	_____	_____	_____	_____	_____
Due to Teachers' Retirement System	1,327,987	_____	_____	_____	_____	1,327,987
Due to Employees' Retirement System	168,567	_____	_____	_____	_____	168,567
Judgements & claims payable	_____	_____	_____	_____	_____	_____
Bond interest and matured bonds	_____	_____	_____	_____	_____	_____
Notes payable	_____	_____	_____	_____	_____	_____
Tax anticipation	_____	_____	_____	_____	_____	_____
Revenue anticipation	_____	_____	_____	_____	_____	_____
Bond anticipation	_____	_____	_____	_____	14,315,000	14,315,000
Deferred credits	_____	_____	_____	_____	_____	_____
Overpayments and collections in advance	_____	_____	_____	_____	_____	_____
Unearned revenues	50,298	_____	14,460	_____	_____	64,758
Planned balance	_____	_____	_____	_____	_____	_____
Long-term liabilities	_____	_____	_____	_____	_____	_____
Due to Teachers' Retirement System	_____	_____	_____	_____	_____	_____
Due to Employees' Retirement System	_____	_____	_____	_____	_____	_____
Compensated absences payable	565,557	_____	_____	_____	_____	565,557
Other postemployment benefits payable	_____	_____	_____	_____	_____	_____
Judgements & claims payable	_____	_____	_____	_____	_____	_____
Other liabilities	_____	_____	_____	_____	_____	_____
Total Liabilities	2,635,539	1,495,998	15,042	\$ _____	15,829,172	19,975,751
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	_____	_____	_____	_____	_____	_____
Total Deferred Inflows of Revenues	_____	_____	_____	_____	_____	_____
FUND BALANCES						
Non - spendable	_____	_____	20,945	_____	_____	20,945
Restricted	4,173,745	_____	_____	_____	_____	4,173,745
Committed	_____	_____	_____	_____	_____	_____
Assigned	2,166,690	_____	_____	_____	_____	2,166,690
Unassigned	2,108,035	_____	150,204	_____	(3,520,073)	(1,261,834)
Total Fund Balances	8,448,470	_____	171,149	_____	(3,520,073)	5,099,546
Total Liabilities and Fund Balances	\$ 11,084,009	\$ 1,495,998	\$ 186,191	\$ _____	\$ 12,309,099	\$ 25,075,297

Schuylerville Central School
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2019

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 20,568,470			\$ 20,568,470
Investments				
Accounts receivable	825,127			825,127
Due from other funds	1,514,172		(1,514,172)	
Due from fiduciary funds				
Due from other governments	134			134
Taxes receivable (city school districts)				
State & federal aid receivable	2,146,449			2,146,449
Inventories	20,945			20,945
Net Pension Asset, Proportionate Share		1,237,966		1,237,966
Mortgages receivable				
Land, buildings and equipment (net)		28,270,293		28,270,293
Total Assets	25,075,297	29,508,259	(1,514,172)	53,069,384
DEFERRED OUTFLOWS OF RESOURCES				
Other post employment benefits		20,327,026		20,327,026
Pension		7,359,158		7,359,158
Total Deferred outflows of resources		27,686,184		27,686,184
Total Assets & Deferred Outflows of Resources	\$ 25,075,297	\$ 57,194,443	\$ (1,514,172)	\$ 80,755,568
LIABILITIES				
Accounts payable	\$ 2,019,191			\$ 2,019,191
Accrued liabilities				
Bonds payable		16,115,000		16,115,000
Bond anticipation notes payable	14,315,000			14,315,000
Revenue anticipation notes payable				
Deferred Revenues	64,758			64,758
Due to other funds	1,514,172		(1,514,172)	
Due to fiduciary funds				
Due to other governments	519			519
Overpayments and collections in advance				
Due to teachers' retirement system	1,327,987			1,327,987
Due to employees' retirement system	168,567			168,567
Installment Purchase Debt Payable				
Compensated absences	565,557			565,557
Postemployment benefits		76,041,751		76,041,751
Net Pension Liability, Proportionate Share		852,212		852,212
Total Liabilities	\$ 19,975,751	\$ 93,008,963	\$ (1,514,172)	\$ 111,470,542
DEFERRED INFLOWS OF RESOURCES				
Other post employment benefits		8,859,819		8,859,819
Pensions		1,877,161		1,877,161
Total Deferred Inflows of Resources		10,736,980		10,736,980
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	5,099,546	(46,551,500)		(41,451,954)
Total Liabilities and Fund Balance\Net Position	\$ 25,075,297	\$ 57,194,443	\$ (1,514,172)	\$ 80,755,568

Schuylerville Central School
Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 17,347,972					\$ 17,347,972
Other tax items						
Nonproperty taxes						
Charges for services	510,216					510,216
Use of money and property	33,365		285		110,406	144,056
Sale of property and compensation for loss	2,293					2,293
Miscellaneous	489,648		6,821			496,469
Interfund revenue						
State sources	17,036,533	166,650	13,356		1,270,181	18,486,720
Medicaid reimbursement						
Federal sources	44,207	565,548	224,536			834,291
Surplus food			53,975			53,975
Sales - school lunch			380,356			380,356
Total Revenues	35,464,234	732,198	679,329		1,380,587	38,256,348
EXPENDITURES						
General support	2,924,759	219,301	277,493			3,421,553
Instruction	16,914,350	534,483				17,448,833
Pupil transportation	1,740,571					1,740,571
Community service						
Employee benefits	9,945,382		139,952			10,085,334
Debt service						
Principal	2,560,000					2,560,000
Interest	759,869					759,869
Cost of sales			275,796			275,796
Other expenditures			44,602			44,602
Capital outlay					4,102,630	4,102,630
Total Expenditures	34,844,931	753,784	737,843		4,102,630	40,439,188
Excess (Deficiency) of Revenues Over Expenditures	619,303	(21,586)	(58,514)		(2,722,043)	(2,182,840)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt						
Operating transfers in		21,586				21,586
Operating transfers (out)	(21,586)					(21,586)
BAN's Redeemed from Appropriations					400,000	400,000
Reserve Revenues						
Reserve Expenditures	(112,796)					(112,796)
Total Other Sources (Uses)	(134,382)	21,586			400,000	287,204
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	484,921		(58,514)		(2,322,043)	(1,895,636)
Fund Balances - Beginning of year	7,963,549		229,663		(1,198,030)	\$ 6,995,182
Prior period adjustment						
Fund Balances - End of year	8,448,470		171,149		(3,520,073)	\$ 5,099,546

Schuylerville Central School
 Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
 Fund Balance to the Statement of Activities
 For the Year Ended June 30, 2019

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 17,347,972				\$ 17,347,972
Other tax items					
Charges for services	510,216				510,216
Use of money and property	144,056				144,056
Sale of property and compensation for loss	2,293				2,293
Miscellaneous	496,469				496,469
Interfund revenue					
State sources	18,486,720				18,486,720
Medicaid reimbursement					
Federal sources	834,291				834,291
Surplus food	53,975				53,975
Sales - school lunch	380,356				380,356
Total Revenues	\$ 38,256,348				\$ 38,256,348
EXPENDITURES/EXPENSES					
General support	\$ 3,421,553				\$ 3,421,553
Instruction	17,448,833		4,066,062		21,514,895
Pupil transportation	1,740,571				1,740,571
Community service					
Employee benefits	10,085,334			(4,553,482)	5,531,852
Debt service	3,319,869			(2,560,000)	759,869
Cost of sales	275,796				275,796
Other expenditures	44,602				44,602
Depreciation - Unallocated			1,056,775		1,056,775
Capital outlay	4,102,630		(4,102,630)		
Total Expenditures	40,439,188		1,020,207	(7,113,482)	34,345,913
Excess (Deficiency) of Revenues Over Expenditures	(2,182,840)		(1,020,207)	7,113,482	3,910,435
OTHER SOURCES AND USES					
Proceeds from debt					
Operating transfers in	21,586			(21,586)	
Operating transfers (out)	(21,586)			21,586	
BAN's Redeemed from Appropriations	400,000			(400,000)	
Reserve Revenues					
Reserve Expenditures	(112,796)				(112,796)
Total Other Sources (Uses)	287,204			(400,000)	(112,796)
Net Change for the Year	\$ (1,895,636)		(1,020,207)	6,713,482	\$ 3,797,639

Schuylerville Central School

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2019

	<u>Private Purpose Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ <u>94,985</u>	\$ <u>105,084</u>
Accounts receivable	<u> </u>	<u> </u>
Due from other funds	<u> </u>	<u> </u>
Total Assets	\$ <u>94,985</u>	\$ <u>105,084</u>
LIABILITIES		
Due to governmental funds	\$ <u> </u>	\$ <u> </u>
Due to other funds	<u> </u>	<u> </u>
Extraclassroom activity balances	<u> </u>	<u>105,041</u>
Other liabilities	<u> </u>	<u>43</u>
Total Liabilities	\$ <u> </u>	\$ <u>105,084</u>
NET POSITION		
Reserved for scholarships	\$ <u>94,985</u>	<u> </u>

Statement #8

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Private Purpose Trusts</u>
ADDITIONS	
Gifts and contributions	\$ 1,153
Investment earnings	<u> </u>
Total Additions	<u>1,153</u>
DEDUCTIONS	
Scholarships and awards	<u>12,265</u>
Change in Net Position	(11,112)
Net Position - Beginning of year	<u>106,097</u>
Net Position - End of Year	\$ <u>94,985</u>

Schuylerville Central School
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed-through State Department of Education:			
ESEA, TITLE I	84.010A	0021-19-2710	\$ 144,196 A
ESEA, TITLE IV, PART A	84.424A	0204-19-2710	9,602
ESEA, TITLE II, PART A	84.367A	0147-19-2710	10,729
ESEA, TITLE IIA (PRIOR YEAR)	84.367A	0147-18-2710	15,558
Special Education Cluster			
IDEA, PART B, SEC 611	84.027A	0032-19-0819	375,493 A
IDEA, PART B, SEC 619	84.173A	0033-19-0819	9,969 A
Total Special Education Cluster			<u>385,462 A</u>
Total, U.S. Department of Education			<u>565,547</u>
<u>U.S. Department of Agriculture</u>			
Passed-through State Department of Education :			
Child Nutrition Cluster:			
Cash Assistance			
National School Lunch	10.555	N/A	195,493
National School Breakfast	10.553	N/A	29,043
Non-cash Assistance(food distribution)			
U.S.D.A. Surplus Food	10.550	N/A	53,975
Total, U.S. Department of Agriculture			<u>278,511 A</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 844,058</u>

Schuylerville Central School
Schedule of Funding Progress - Other Post Employment Benefits
For the Year Ended June 30, 2019

Supplement Schedule # 1

	2019
Measurement Date	July, 1 2018
Total OPEB Liability	68,919,333
Service Cost	\$ 3,265,761
Interest	2,392,795
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	11,910,493
Changes of assumptions or other inputs	(2,275,238)
Benefit payments	(8,171,392)
Net Change in total OPEB liability	7,122,418
Total OPEB liability - beginning	68,919,333
Total OPEB liability - ending	\$ 76,041,751
Covered payroll	\$ 15,757,743
Total OPEB liability as a percentage of covered payroll	482.57%

Schuylerville Central School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2019

	Original Budget *	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual
REVENUES					
Local Sources					
Real property taxes	\$ 17,318,147	17,318,147	17,320,257	\$	2,110
Other tax items	30,000	30,000	27,714		(2,286)
Nonproperty taxes					
Charges for services	259,000	259,000	510,216		251,216
Use of money and property	11,000	11,000	33,365		22,365
Sale of property and compensation for loss		0	2,293		2,293
Miscellaneous	122,000	122,000	489,648		367,648
Interfund revenues					
Total Local Sources	17,740,147	17,740,147	18,383,493		643,346
State Sources	16,580,302	16,580,302	17,036,533		456,231
Medicaid Reimbursement					
Federal Sources	20,000	20,000	44,207		24,207
Retirement System Credits					
Total Revenues	34,340,449	34,340,449	35,464,233		1,123,784
OTHER FINANCING SOURCES					
Designated Fund Balance					
Encumbrances Carried Forward Prior Year	1,200,000	1,551,838			
Total Reserves and other financing sour	\$ 35,540,449	\$ 35,892,287	\$ 35,464,233	\$	1,123,784
EXPENDITURES					
General Support					
Board of education	19,697	20,148	19,560	0	588
Central administration	229,458	232,289	231,456	0	833
Finance	366,880	363,723	359,549	1,097	3,077
Staff	129,050	128,067	114,177	12,184	1,706
Central services	2,256,801	2,576,727	2,062,734	510,473	3,520
Special items	142,800	137,389	137,282	0	107
Total General Support	3,144,686	3,458,343	2,924,758	523,754	9,831
Instruction					
Instruction, administration and improvement	1,145,433	1,180,251	1,144,242	32,168	3,841
Teaching - regular school	8,898,439	9,225,686	9,148,211	46,575	30,900
Programs for children with handicapping conditio	3,996,235	3,680,314	3,668,776	8,248	3,290
Occupational education					0
Teaching - special school	307,839	264,922	263,469	0	1,453
Instructional media	856,840	1,413,896	1,060,514	351,232	2,150
Pupil services	1,679,000	1,636,368	1,629,139	4,364	2,865
Total Instructional	16,883,786	17,401,437	16,914,351	442,587	44,499
Pupil Transportation	1,428,206	1,743,034	1,740,571	349	2,114
Community Services	0	0	0	0	0
Employee Benefits	10,874,021	9,948,018	9,945,381	0	2,637
Debt Service	3,189,750	3,319,869	3,319,869	0	0
Total Expenditures	35,520,449	35,870,701	34,844,930	966,690	59,081
OTHER FINANCING USES					
Reserve expenditures	0	0	112,796	0	(112,796)
Transfers to other funds	20,000	21,586	21,586	0	0
Total Expenditures and Other Uses	35,540,449	35,892,287	34,979,312	966,690	(53,715)
Net change in fund balances			484,921		
Fund Balance - beginning			7,963,549		
Fund Balance - ending			\$ 8,448,470		

See Paragraph on Supplementary Schedules Included in Auditors' Report.

Schuylerville Central School
 Schedule of Change from Adopted Budget to Final Budget
 And the Real Property Tax Limit
 For the Year Ended June 30, 2019

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted Budget	\$ 35,540,449
Add: Prior year's encumbrances	<u>351,838</u>
Original Budget	35,892,287
Budget revisions*:	
Additional Revenues	
Appropriated from fund balance	
Total Budget revisions	<u> </u>
Final Budget	\$ <u><u>35,892,287</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-2020 Voter- Approved Expenditure Budget	\$ 36,233,795	
Maximum allowed(4% of 2019-2020 budget)		\$ <u>1,449,352</u>

General Fund Fund Balnce Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:

Committed fund balance		
Assigned fund balance	\$ 2,166,690	
Unassigned fund balance		<u>2,108,035</u>
Total unrestricted fund balance	\$ <u>4,274,725</u>	

Less:

Appropriated fund balance	\$ 1,200,000	
Encumbrances included in assigned fund balance		<u>966,690</u>
Total adjustments	\$ <u>2,166,690</u>	\$

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 2,108,035Actual percentage 5.8179%

Schuylerville Central School
 Schedule of Project Expenditures-Capital Projects Fund
 For the Year Ended June 30, 2019

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2018
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	
SMART SCHOOLS BOND ACT	1,270,181	1,270,181	0	1,270,181	1,270,181	0	0	1,270,181	1,270,181	0
	1,270,181	1,270,181	0	1,270,181	1,270,181	0	0	1,270,181	0	1,270,181
Capital Project #1	24,000,000	24,000,000	1,631,983	2,832,450	4,464,433	19,535,567	14,715,000		400,000	15,115,000
										0
	24,000,000	24,000,000	1,631,983	2,832,450	4,464,433	19,535,567	14,715,000	0	400,000	15,115,000
Interest										39,360
Construction bans Outstanding										(14,315,000)
Bond Premium										105,000
	0	0	140,181	0	0	0	0	0	0	(14,170,640)
Totals	25,270,181	25,270,181	326,576	4,102,631	5,734,614	19,535,567	14,715,000	1,270,181	400,000	16,385,181
										(3,520,073)

See Paragraph on supplementary schedules included in auditor's report

Schuylerville Central School
 Combined Balance Sheet -
 Non-Major Governmental Funds
 June 30, 2019

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Total</u>
ASSETS			
Unrestricted Cash	\$ _____	\$ 142,853	\$ 142,853
Restricted Cash	_____	_____	_____
Unrestricted Investments	_____	_____	_____
Restricted Investments	_____	_____	_____
State and Federal Aid Receivable	225,817	22,393	248,210
Due From Other Governments	_____	_____	_____
Other Receivables, Net	_____	_____	_____
Due From Other Funds	1,270,181	_____	1,270,181
Inventories	_____	20,945	20,945
Deferred Expenditures	_____	_____	_____
Total Assets	\$ <u>1,495,998</u>	\$ <u>186,191</u>	\$ <u>1,682,189</u>
LIABILITIES			
Accounts Payable	\$ 1,495,998	\$ 63	\$ 1,496,061
Accrued Liabilities	_____	_____	_____
Due to Other Governments	_____	519	519
Due to Other Funds	_____	_____	_____
Due to Teachers' Retirement System	_____	_____	_____
Due to Employees' Retirement System	_____	_____	_____
Other Liabilities	_____	_____	_____
Deferred Revenues	_____	14,460	14,460
Total Liabilities	\$ <u>1,495,998</u>	\$ <u>15,042</u>	\$ <u>1,511,040</u>
FUND BALANCE			
Reserved for Encumbrances	\$ _____	\$ _____	\$ _____
Reserved for Inventories and Supplies	_____	20,945	20,945
Unreserved - Designated for Subsequent Year's Expenditures	_____	_____	_____
Unreserved - Undesignated	_____	150,204	150,204
Total Fund Balances	\$ _____	\$ <u>171,149</u>	\$ <u>171,149</u>
Total Liabilities and Fund Balances	\$ <u>1,495,998</u>	\$ <u>186,191</u>	\$ <u>1,682,189</u>

Schuylerville Central School
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2019

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Total</u>
REVENUES			
Charges for Services	\$ _____	\$ _____	\$ _____
Use of Money and Property	_____	285	285
Sale of Property and Compensation for Loss	_____	_____	_____
Miscellaneous	_____	6,821	6,821
State Sources	166,650	13,356	180,006
Federal Sources	565,548	278,511	844,059
Sales	_____	380,356	380,356
Total Revenues	\$ 732,198	\$ 679,329	\$ 1,411,527
EXPENDITURES			
General Support	\$ 219,301	\$ 277,493	\$ 496,794
Instruction	534,483	_____	534,483
Pupil Transportation	_____	_____	_____
Community Services	_____	_____	_____
Employee Benefits	_____	139,952	139,952
Cost of Sales	_____	275,796	275,796
Other Expenses	_____	44,602	44,602
Total Expenditures	\$ 753,784	\$ 737,843	\$ 1,491,627
Excess (Deficiency) Revenues Over Expenditures	\$ (21,586)	\$ (58,514)	\$ (80,100)
Other Sources and Uses	_____	_____	_____
Operating Transfers In	\$ 21,586	_____	\$ 21,586
Operating Transfers (Out)	_____	_____	_____
Reserve Revenues	_____	_____	_____
Reserve Expenditures	_____	_____	_____
Total Other Sources and Uses	\$ 21,586	\$ _____	\$ 21,586
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	\$ _____	\$ (58,514)	\$ (58,514)
Fund Balances, Beginning of Year	\$ _____	\$ 229,663	\$ 229,663
Other Changes in Fund Balance (Including Residual Equity Transfers)	_____	_____	_____
Fund Balances, End of Year	\$ _____	\$ 171,149	\$ 171,149

Schuylerville Central School
Schedule of District Contributions
For the year ended June 30, 2019

Teachers' Retirement System

	<u>2019</u>
Contractually required contribution	1,092,859
Contributions in relation to the contractually required contributions	<u>1,092,859</u>
Contribution deficiency (excess)	<u><u>-</u></u>
District's covered payroll	<u>11,454,773</u>
Contributions as a percentage of covered-employee payroll	<u>9.54%</u>

Employees' Retirement System

	<u>2019</u>
Contractually required contribution	519,111
Contributions in relation to the contractually required contributions	<u>519,111</u>
Contribution deficiency (excess)	<u><u>-</u></u>
District's covered payroll	<u>3,650,074</u>
Contributions as a percentage of covered payroll	<u>14.22%</u>

See Paragraph on Supplementary Schedules Included in Auditor's Report

Schuylerville Central School
Schedule of District's Proportionate Share of the Net Pension Liability
For the year ended June 30, 2019

Teachers' Retirement System

	2019
District's proportion of the net pension liability	0.0684620%
District's proportionate share of the net pension asset (liability)	1,237,966
District's covered payroll	11,454,773
District's proportionate share of the net pension liability as a percentage of its covered payroll	10.81%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

Employees' Retirement System

	2019
District's proportion of the net pension liability	0.0120279%
District's proportionate share of the net pension asset (liability)	(852,212)
District's covered payroll	3,650,074
District's proportionate share of the net pension liability as a percentage of its covered payroll	23.35%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 – Summary of certain significant accounting policies:

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

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

A) Reporting entity:

The Schuylerville 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 7 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. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

i) 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 in the District's business offices. The district accounts for assets held as an agent for various student organizations in an agency fund.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

B) Joint venture:

The District is a component district in Washington Saratoga Warren Hamilton Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that 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 district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §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 \$2,924,007 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$0 of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$0.

The District's share of BOCES aid amounted to \$1,186,859.

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

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to payroll expended in 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.

ii) Fund financial statements:

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

- Special Aid Fund: Used to account for proceeds received from the State and Federal grants that are restricted for specific educational programs.
- School Lunch: Used to account for child nutrition activities whose funds are restricted as to use.
- Miscellaneous Special Revenue: Used to account for and report those revenues that are restricted and committed to expenditures for specified purposes.
- Public Library Fund: Used to account for and report transactions of a library established and supported in whole or in part by real property taxes.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those capital projects that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of the capital asset up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Fund: 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 benefits 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 extra-classroom activity funds and for payroll or employee withholding.

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 and 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.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

E) Property Taxes:

Real property taxes are levied annually by the Board of Education no later than August 31, 2018 and become a lien on August 20, 2018. Taxes are collected during the period September 1, 2018 to November 2, 2018.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County 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 borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

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

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Refer to Note 12 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 an assumption that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from these 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)/Investments:

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

New York State law governs the District's investments 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 deposits not covered by the 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.

Investments are stated at fair value.

J) Accounts receivable:

Receivables (accounts receivable) are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in first-out basis, or in a case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the district for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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) Other assets/restricted assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	500	Straight-Line	50 years
Building improvements	500	Straight-Line	50 years
Site improvements	500	Straight-Line	20 years
Furniture and equipment	500	Straight-Line	5-10 years
Infrastructure	500	Straight-Line	20 years

Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The school district is required to conduct a condition assessment of these assets at least once every three years.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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 (expense/expenditure) until then. The government has 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. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

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

P) Vested employee benefit

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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.

District employees 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 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.

Q) Other benefit:

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 insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

R) Short-term debt:

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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 BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

S) Accrued liabilities and long-term obligations:

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables, and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits 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.

T) Net Position/Fund Balance

Net Position Flow Assumption:

Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Board has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at the maximum allowed by law. This amount is intended to provide financial stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for action to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Order of Use of Fund Balance:

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

District-wide statements

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

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

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

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

Funds statements:

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$20,945.

Restricted – 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 School District has established the following restricted fund balances:

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Repair Reserve

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is 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. The reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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. This reserve is accounted for in the General Fund.

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Insurance Reserve

Insurance Reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

Property Loss Reserve and Liability Reserve

Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari 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 proceedings 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. The reserve is accounted for in the General fund.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the General Fund.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of 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 by the Board.

Teacher retirement contribution reserve

Allow eligible employers to reserve in a fiscal year an amount not to exceed 2% of the total compensation or salaries of all teachers in their employ who are members of NYSTRS for the immediately preceding fiscal year, with an overall reserve sub-fund balance cap of 10% of the same.

Restricted Fund Balance includes the following:

General Fund	\$	0
Capital		0
Debt Service		0
Employee Benefit Accrued Liability		1,113,383
Insurance		0
Liability Claims and Property Loss		750,396
Retirement Contributions TRS		235,882
Retirement Contributions ERS		1,675,884
Tax Certiorari		5,246
Turf Field		24,952
Uncollected Taxes in a City School District		0
Unemployment Insurance		122,872
Worker's Compensation		245,129
Capital Fund*		0
Debt Service Fund*		0
Special Aid Fund*		0
School Lunch Fund*		0
		0
	\$	4,173,744
total restricted funds		

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2019.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$966,690. The district also designated funds to the subsequent year in the amount of \$1,200,000.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District 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. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Reserve for Tax Reduction

Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.

Unassigned Fund Balance:

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 school District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

U) New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2019:

<i>GASB has issued statement No. 83, Certain Asset Retirement Obligations</i>	Effective for the year ending June 30, 2019
<i>GASB has issued statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements</i>	Effective for the year ending June 30, 2019

V) Future Changes in Accounting Standards

<i>GASB has issued statement No. 84, Fiduciary Activities</i>	Effective for the year ending June 30, 2020
<i>GASB has issued statement No. 87, Leases</i>	Effective for the year ending June 30, 2021
<i>GASB has issued statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period</i>	Effective for the year ending June 30, 2021
<i>GASB has issued statement No. 91, Conduct Debt Obligations</i>	Effective for the year ending June 30, 2022

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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

Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements:

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

- A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

- B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

- i) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

- ii) Capital related differences:

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

Schuylerville Central School District
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iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

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

v) OPEB difference:

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

Note 3 – Changes in accounting principles:

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB.

Note 4 – Stewardship, compliance, and accountability:

Budgets

The District administration prepares a proposed budget for approval by the Board of education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the district approved the proposed appropriation budget for the General fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the 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 restrictions, of the Board approves them because of a need that exists

Schuylerville Central School District
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For the Year Ended June 30, 2019

which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

Budgets are established and used for individual capital project funds expenditures as approved by a specific 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.

Encumbrances

Encumbrances 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 –ends 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.

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The district plans to address this by continuing to appropriate a responsible amount of fund balance annually to reduce the tax burden on its constituents.

Note 5 – Cash (and cash equivalents) - Custodial credit, concentration of credit, interest rate and foreign currency risks:

Cash

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end collateralized as follows:

Uncollateralized	\$ <u> 0</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but in the District's name	\$ <u> 20,768,539</u>

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

Schuylerville Central School District
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For the Year Ended June 30, 2019

for various purposes. Restricted cash as of year-end includes \$18,479 within the governmental funds and \$200,069 in the fiduciary funds.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 – Investments/Investment pools:

The District did not participate in any multi-municipal cooperative investment pool agreement, pursuant to New York General Municipal Law Article 5-G, § 119-0, as of the year end June 30, 2019.

Note 7 – Receivables

Receivables at year-end for individual and major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

Description	General	Special Aid	Governmental School Lunch	Activities Capital Project Fund	Total
Accounts Receivable	\$ 825,127	\$ 0	\$ 0	\$ 0	\$ 825,127
Due from State and Federal	<u>628,058</u>	<u>225,817</u>	<u>22,393</u>	<u>1,270,181</u>	<u>2,146,449</u>
Total	\$ <u>1,453,185</u>	\$ <u>225,817</u>	\$ <u>22,393</u>	\$ <u>1,270,181</u>	\$ <u>2,971,576</u>

District management has deemed the amounts to be fully collectible.

Note 8 – Capital assets:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 147,800	\$ 0	\$ 0	\$ 147,800
Construction in progress	0	0	0	0
Total non-depreciable historical cost	<u>\$ 147,800</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 147,800</u>
Capital assets that are depreciated:				
Buildings	\$ 43,239,324	\$ 0	\$ 0	\$ 43,239,324
Furniture and equipment	2,390,335	31,036	0	2,421,371
Total depreciable historical cost	<u>\$ 45,629,659</u>	<u>\$ 31,036</u>	<u>\$ 0</u>	<u>\$ 45,660,695</u>
Less accumulated depreciation:				
Buildings	\$ 15,450,871	\$ 865,133	\$ 0	\$ 16,316,004
Furniture and equipment	1,036,088	191,641	(5,531)	1,222,198
Total accumulated depreciation	<u>\$ 16,486,959</u>	<u>\$ 1,056,775</u>	<u>\$ (5,531)</u>	<u>\$ 17,538,202</u>
Total depreciable historical cost, net	<u>\$ 29,290,500</u>	<u>\$ (1,025,739)</u>	<u>\$ (5,531)</u>	<u>\$ 28,122,493</u>

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Depreciation expense was charged to
Governmental functions as follows:

Depreciation not charged to a
specific function

\$	1,056,775
\$	1,056,775

Note 9 – Short-term debt:

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

Interest paid	\$	115,000
Less interest accrued in the prior year		0
Plus interest accrued in the current year		0
Total expense	\$	115,000

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN 2.50%	\$ 4,600,000	\$ 0	\$ 4,600,000	\$ 0
BAN 2.50%	0	14,315,000	0	14,315,000
Totals	\$ 4,600,000	\$ 14,315,000	\$ 4,600,000	\$ 14,315,000

Note 10 – Long-term debt:

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and notes payable:					
Serial Bonds	\$ 18,275,000	\$ 0	\$ 2,160,000	16,115,000	1,595,000
Total bonds & notes payable	\$ 18,275,000	\$ 0	\$ 2,160,000	16,115,000	1,595,000
Other liabilities:					
Interest payable to maturity	\$ 4,006,212	\$ 0	\$ 644,868	3,361,344	583,669
Retirees health insurance	\$ 68,919,333	\$ 7,122,418	\$ 0	76,041,751	0
Total other liabilities	\$ 72,925,545	\$ 7,122,418	\$ 644,868	72,925,545	583,669
Total long-term liabilities	\$ 91,200,545	\$ 7,122,418	\$ 2,804,868	95,518,095	2,178,669

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at year end
Serial Bonds	06/30/15	2030	2.14%	1,055,000
Serial Bonds	04/15/10	2030	3.50%	\$ 13,035,000
Serial Bonds	06/21/12	2030	2.00%	2,025,000

Fiscal year ended June 30,

	Principal	Interest	Total
2020	1,595,000	583,669	2,178,669
2021	1,650,000	533,169	2,183,169
2022	1,700,000	457,894	2,157,894
2023	1,755,000	403,069	2,158,069
2024	1,820,000	344,368	2,164,368
2025-2029	6,345,000	978,150	7,232,150
2030-2034	1,250,000	61,025	1,311,025
2035-2039	0	0	0
Total	\$ 16,115,000	3,361,344	19,476,344

The District is not obligated under any capital leases as of June 30, 2019.

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Notes to Financial Statements
For the Year Ended June 30, 2019

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

Interest paid	\$	644,869
Less interest accrued in the prior year		0
Plus interest accrued in the current year		0
Total expense	\$	644,869

Note 11 – Pension plans:

General Information:

The District participates in the New York State Employees' Retirement System (NYSERS). 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.

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 NYSTRS, 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.

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

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For the Year Ended June 30, 2019

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.

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% 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 and each of the two preceding years.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2019	\$ 1,131,313	\$ 519,042
2018	\$ 1,338,162	\$ 527,583
2017	\$ 1,301,136	\$ 483,562

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. The legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over the 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised. As a result, the total unpaid liability at the end of the year was \$0.

The State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of \$0, of which \$0 was charged to expenditures in the Governmental Funds in the current fiscal year.

Pension Assets, 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 pensions asset/ (liability) for of the Systems. The net pension

Schuylerville Central School District
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For the Year Ended June 30, 2019

asset/(liability) was measured as of June 30, 2018 for TRS and March 31, 2019 for ERS. 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.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	3/31/2019	6/30/2018
Net pension asset/(liability)	\$ (852,212)	\$ 1,237,966
District's portion of the Plan's total net pension asset/(liability)	0.0120279%	0.068462%

For the year ended June 30, 2019, the District's recognized pension expense of \$598,282 for ERS and pension expense of \$980,948 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:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 167,818	\$ 925,122	\$ 57,207	\$ 167,576
Changes of assumptions	\$ 214,211	\$ 4,327,503	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ -	\$ 218,725	\$ 1,374,237
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 110,356	\$ 117,594	\$ 59,416	\$ -
District's contributions subsequent to the measurement date	\$ 168,567	\$ 1,327,987	\$ -	\$ -
Total	\$ 660,952	\$ 6,698,206	\$ 335,348	\$ 1,541,813

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:

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Year ended:	<u>ERS</u>	<u>TRS</u>
2019	\$ -	\$ 1,261,022
2020	\$ 205,511	\$ 862,636
2021	\$ (152,875)	\$ 109,015
2022	\$ (6,035)	\$ 859,719
2023	\$ 110,436	\$ 588,921
thereafter	\$ -	\$ 147,095

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:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2019	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	3.80%	1.90% - 4.72%
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%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2017 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based

Schuylerville Central School District
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For the Year Ended June 30, 2019

on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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 below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equities	36%	4.55%
International equities	14	6.35
Private Equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	<u>4</u>	1.25
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2019.

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For the Year Ended June 30, 2019

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected</u>
	<u>2019</u>	<u>Real rate of return*</u>
		<u>2019</u>
Asset Class:		
Domestic equities	33%	5.8%
International equities	16	7.3
Real estate	11	4.9
Private equities	8	8.9
Total equities	<u>72</u>	
Domestic fixed income securities	16	1.3
Global fixed income securities	2	.9
High-yield fixed income securities	1	3.5
Mortgages	7	2.8
Short-term	1	0.3
Private Debt	1	6.8
Total fixed income	<u>28</u>	
Total	<u>100%</u>	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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.

SENSITIVITY OF THE PROPORTIONATE SHARE FO THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2019 calculated using the discount rate of 7.0% 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 (6.0% for ERS and 6.25% for TRS) or 1-percentagepoint higher (8.0% for ERS and 8.25% for TRS) than the current rate :

ERS	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate Share of the net Pension asset (liability)	\$ (3,726,009)	\$ (852,212)	\$1,561,980

Schuylerville Central School District
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For the Year Ended June 30, 2019

TRS	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Employer's proportionate Share of the net Pension asset (liability)	\$ (8,505,029)	\$ 1,237,966	\$9,399,888

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:

	(Dollars in Thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Valuation date	March 31, 2019	June 30, 2018	
Employers' total pension	\$ (852,212)	\$ 1,237,966	\$ 385,754
Plan Net Poition	\$ -	\$ -	-
Employers' net pension	\$ (852,212)	\$ 1,237,966	\$ 385,754

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$168,567.

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 \$1,327,987.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 12 – Interfund balances and activity:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 243,991	\$ 0	\$ 0	\$ 21,586
Special Aid Funds	1,270,181	0	21,586	0
School Lunch Fund	0	0	0	0
Debt Service Fund	0	0	0	0
Capital Funds	0	1,514,172	0	0
Total government activities	\$ 1,514,172	1,514,172	21,586	21,586
Fiduciary Agency Fund	0	0	0	0
Totals	\$ 1,514,172	\$ 1,514,172	\$ 21,586	\$ 21,586

Interfund receivables and payables, other than between governmental activities and fiduciary funds, 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 expected to be repaid within one year.

Note 13a – Postemployment (health insurance) Benefits/ Prior period adjustment

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.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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	275
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	295
	570
	570

B. Total OPEB Liability

The District's total OPEB liability of \$76,041,751 was measured as of June 30, 2019 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:

Inflation	3.00%	
Salary Increases	3.00%	
Discount Rate	3.87%	
Healthcare Cost Trend Rates	8.0% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for 2025 and later years	
Retirees' Share of Benefit-Related Costs	0 to 13.50%	

The discount rate was based on Bond Buyer GO-20 municipal bond index.

Mortality rates were based on RP-2014 mortality table, as appropriate, with adjustments for mortality improvements based on Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2019.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ <u>68,919,333</u>
<u>Changes for the Year-</u>	
Service Cost	3,265,761
Interest	2,392,795
Changes of benefit terms	0
Differences between expected and actual experience	11,910,493
Changes in assumptions or other inputs	(2,275,238)
Benefit payments	(8,171,392)
Net Changes	<u>7,122,419</u>
Balance at June 30, 2019	\$ <u>76,041,751</u>

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Changes of benefit terms reflect.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.60% in 2018 to 3.87% 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%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ <u>84,307,553</u>	\$ <u>76,041,751</u>	\$ <u>67,517,700</u>

Sensitivity of the Total OPEB Liability to Change 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 (7%) or 1 percentage point higher (8%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (starts at 7%)	Trend Rate (starts at 8%)	1% Increase (starts at 9%)
Total OPEB Liability	\$ 67,517,700	\$ 76,041,751	\$ 84,113,879

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 \$5,618,286. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,910,493	\$ 0
Changes of assumptions or other inputs	0	(8,859,819)
Contributions subsequent to the measurement period	<u>8,416,533</u>	<u>0</u>
Total	\$ <u>20,327,026</u>	\$ <u>(8,859,819)</u>

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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

Fiscal Year Ending June 30, 2019	Amount
2019	\$ 8,376,263
2020	(40,270)
2021	(40,270)
2022	(40,270)
2023+	3,211,754
	\$ 11,467,207

Note 14 – Risk management:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

Note 15 – Contingencies and commitments:

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

Note 16 - Lease obligations (operating leases):

The District has bus leases with the following annual payments:

2020-	\$382,351
2021-	\$751,351
2022-	\$577,021
Thereafter-\$	0

Note 17 – Donor-restricted endowments:

The District had no donor-restricted endowments for the year ended June 30, 2019.

Note 18 – On-behalf-of payments:

During the year, the District made direct payments to a third party (or received payments from another government) for fringe benefits and salaries of another legally separate entity, in the aggregate amount of \$0.

Schuylerville Central School District
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 19 – Tax abatements:

The District did not have any tax abatement agreements for the year ended June 30, 2019.

Note 20 – Overpayments:

The District had no overpayments for the year ended June 30, 2019.

Note 21 – Related party transactions:

The District has no related party transactions to report as of June 30, 2019.

Note 22 – Discretely presented component units:

The District has no component units.

Note 23 – Derivatives not reported at fair value on the Statement of Net Position:

The District had no derivatives for the year ended June 30, 2019.

Note 24 – Impairment losses and insurance recoveries:

The District had no impairment losses or insurance recoveries for the year ended June 30, 2019.

Note 25 – Subsequent events:

The District has no subsequent events to disclose.

Note 26 – Real Estate held as investments by endowments:

The District has no real estate held as investments by endowments to disclose.

JENKINS, BEECHER & BETHEL, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Route 9, P.O. Box 1246

South Glens Falls, New York 12803

(518) 793-5166

Fax (518) 793-5236

Jeffrey J. Beecher, CPA
Stephen G. Bethel, CPA
Preston L. Jenkins, Jr., CPA, Retired

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Schuylerville Central School District

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

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 government activities and each major fund of Schuylerville Central School District (the "District"), 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 and have issued our report thereon dated October 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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

This report is intended solely to describe the scope of our testing of internal control and compliance and 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.

October 3, 2019

Jenkins, Becker + Bethel LLP

JENKINS, BEECHER & BETHEL, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Route 9, P.O. Box 1246

South Glens Falls, New York 12803

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

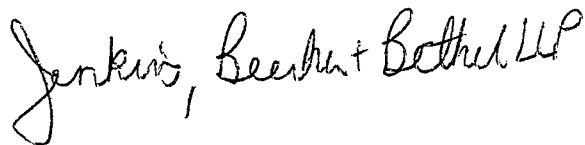
Management of the District is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could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

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. Misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

October 3, 2019



Schuylerville Central School

Notes to Schedule of Expenditures of Federal Awards

For the Year Ending June 30, 2019

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the Schuylerville Central School, an entity as defined in Note 1 to Schuylerville Central School's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 - Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the general purpose financial statements.

Note 3 - Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

Note 4 - Matching Costs

Matching costs, i.e., the Schuylerville Central School's share of certain program costs, are not included in the reported expenditures.

Note 5 - Major Program Determination

The Schuylerville Central School has determined that all Federal programs with expenditures of \$750,000 or more are Type A Programs and deemed Major Programs for the purposes of the Schedule of Expenditures of Federal Awards.

Note 6 - Non-monetary Federal Program

The Schuylerville Central School is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program". During the year ended June 30, 2018, the Schuylerville Central School used \$53,975 worth of Commodities under the Surplus Food Distribution Program (CFDA Number 10.550).

Schuylerville Central School
Schuylerville, New York
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No

- Reportable condition(s) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards:

Internal Control over major programs:

- Material weakness(es) identified? No

- Reportable condition(s) identified that are not considered to be material weaknesses? No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(A)? No

Schuylerville Central School
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA, Title I, Basic Grant
84.027A	IDEA, Part B, Sec 611
84.173A	IDEA, Part B, Sec 619
10.555	National School Lunch
10.553	National School Breakfast
10.550	USDA Surplus Food

Dollar threshold used to distinguish
Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None noted in 2019.

Section III – Federal Findings

None noted in 2019.

Schuylerville Central School
Schedule of Findings and Questioned Costs
From 2018 Report

No findings from 2018 report.

JENKINS, BEECHER & BETHEL, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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South Glens Falls, New York 12803

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Schuylerville Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the Schuylerville Central School District Extraclassroom Activity Funds which comprise the cash and fund balances resulting from cash transactions, and the related statement of cash receipts and cash disbursements as of June 30, 2019 of the Schuylerville Central School District's Extraclassroom Activity Funds for the year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and cash disbursements method, an Other Comprehensive Basis of Accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash and fund balances resulting from cash transactions of the Extraclassroom Activity Funds, of the Schuylerville Central School District for the year ended June 30, 2018, and the cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note 1.

October 3, 2019

Jenkins, Beecher + Bethel LLP

Schuylerville Central School
 Extraclassroom Activity Funds
 Cash Receipts and Cash Disbursements
 June 30, 2019

<u>Activities</u>	<u>Balance June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2019</u>
Class of 2018	555.75	0.00	555.75	0.00
Class of 2019	3,923.00	76,182.10	78,805.54	1,299.56
Class of 2020	2,013.33	26,701.33	24,258.33	4,456.33
Class of 2021	4,423.48	2,270.00	722.92	5,970.56
Class of 2022	0.00	6,115.75	1,676.00	4,439.75
Spanish Club	202.35	2,612.58	2,459.11	355.82
French Club	740.23	1,378.25	2,059.23	59.25
Drama Club	12,384.53	30,914.29	27,903.77	15,395.05
Honor Society	615.06	5,477.00	5,613.01	479.05
SADD	113.68	0.00	0.00	113.68
FBLA	478.56	723.00	723.00	478.56
FFA	9,319.01	23,214.50	24,413.86	8,119.65
Quiz Team Club	141.03	50.00	0.00	191.03
Student Council	383.29	4,254.05	3,783.25	854.09
Misc. Student Account	2,310.44	4,106.58	4,788.88	1,628.14
HS Art Club	443.02	4,253.10	4,586.50	109.62
Jr. High FBLA	1,212.73	0.00	0.00	1,212.73
Junior High Classes	1,385.03	942.59	472.17	1,855.45
Enviromental-MS	189.00	123.73	161.92	150.81
Enviromental	332.42	1,192.60	494.00	1,031.02
Varsity Club	18,188.91	40,594.33	35,319.51	23,463.73
Activity Elementary	16,906.74	47,420.47	46,011.58	18,315.63
Activity HS	3,924.58	19,952.80	16,676.85	7,200.53
Activity MS	8,864.77	8,204.64	9,208.8	7,860.64
Totals	<u>\$ 59,354.85</u>	<u>\$ 306,683.69</u>	<u>\$ 290,693.95</u>	<u>\$ 105,040.68</u>

Schuylerville Central School District
Extra-classroom Activity Funds
Note to Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Extra-classroom Activity Funds of Schuylerville Central School District (the District) are prepared on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The cash basis of accounting, therefore, does not recognize receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States. The more significant principles and policies used by the District are described below.

Reporting Entity

The transactions of the Extra-classroom Activity Funds are included in the reporting entity of Schuylerville Central School District. Such transactions are included in the basic financial statements of the District and reported in the Trust and Agency Fund as cash and extra-classroom activity fund balances. Exclusion from the District's financial statements, due to their nature and significance of their relationship with the primary government, would cause the reporting entity's financial statements to be misleading or incomplete.

The Extra-classroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra-classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The activities included in this report were formed only for educational and school activity purposes in accordance with District rules and regulations for the conduct, operation, and maintenance of the extra-classroom activities.

Cash

The District's cash consist of cash on hand and demand deposits. 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 New York State or its localities.

Demand deposits at year-end were entirely covered by FDIC. At June 30, 2019, demand deposits are entirely composed of cash on hand and demand deposit accounts. All deposits are carried at cost, which equals market.

Equity Classifications-Fund Balance

Unreserved fund balance consists of the portion of fund balance that has not been designated or reserved.

JENKINS, BEECHER & BETHEL, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Route 9, P.O. Box 1246

South Glens Falls, New York 12803

(518) 793-5166

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REPORT TO THE BOARD

The Board of Education
Schuylerville Central School District

We have audited the financial statements of Schuylerville Central School District (the "District") for the year ended June 30, 2019, and have issued our report thereon dated October 3, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Accounting Principles Generally Accepted in the United States of America, Government Auditing Standards, and Uniform Guidance

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 major federal programs 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 Compliance Supplement.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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

Compliance Supplement, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide legal determination on the District's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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 affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was Management's estimate of depreciation expense, which is based on the estimated useful lives of the District's capital assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). All proposed adjustments were recorded by the business office staff prior to completion of the audit.

There were no unrecorded proposed adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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.

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 financial statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditor

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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

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

Comments and Recommendations

We had the following comments or recommendations from our audit of the district for the fiscal year ended June 30, 2019.

UNAPPROPRIATED FUND BALANCE

As shown in Supplemental Schedule #3, the fund balance (undesignated) at fiscal year ended June 30, 2019 was \$2,108,035. Section 1318 of the Real Property Tax law allows only a 4% of current year's budget to be retained as undesignated fund balance. For the Schuylerville Central School, this amount would be \$1,449,352 (4% of \$36,233,795). The Schuylerville Central School is in violation of Section 1318 of the Real Property Tax law.

SUBSTITUTE TEACHERS

We noted during our audit that two non-certified substitute teachers worked in excess of the allowed ninety days.

We recommend that the District track substitute teachers to prevent any non-certified teachers from working more than ninety days.

INTERFUND TRANSFERS OVEREXPENDITURES

We noted that the budgeted interfund transfer expenditures from the general fund exceed the original budget by \$1,586. Increases in interfund transfers are not allowed without voter approval. The over expenditure resulted from transfers to the Special Aid fund for the summer special education program.

Extraclassroom Activity Funds Audit

We completed our audit of the Extraclassroom Activity Funds as required under Section 172.3(d) of the Regulations of the Commissioner of Education. We have prepared a separate report on this audit, which is bound with the District's annual report. We had the following findings:

Our findings indicated that two clubs were inactive throughout the year. If the clubs are to remain inactive, we recommend that those funds be redistributed to other clubs as directed by the Board of Education.

We appreciate this opportunity to be of service to Schuylerville Central School District. We would like to thank Marian Chrisman and all of the business staff for the cooperation and courtesy extended to us during our audit.

October 3, 2019

Jenkins, Beecher + Bethel UP