

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Byron-Bergen Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Byron-Bergen Central School District (the District) as of and for the year ended June 30, 2018, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Changes in Accounting Principles

As described in Note 2 to the financial statements, in 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 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, 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. That 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.

Lumaden & McCormick, LLP

September 27, 2018

Byron-Bergen Central School District
Management's Discussion and Analysis
June 30, 2018
Unaudited

Introduction

Management's Discussion and Analysis (MD&A) of Byron-Bergen Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2018. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) agency fund statements, (5) notes to the financial statements, and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. In 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources for its defined benefit OPEB plan. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements. The comparative data in the MD&A for 2017 has not been restated.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Agency funds are used to account for resources held for the benefit of parties outside the District. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and governmental fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2018	2017	Change	
			\$	%
Current assets	\$ 8,764,000	\$ 7,763,000	\$ 1,001,000	12.9%
Net pension asset	352,000	-	352,000	100.0%
Capital assets	28,691,000	28,588,000	103,000	0.4%
Total assets	37,807,000	36,351,000	1,456,000	4.0%
Deferred outflows of resources	5,742,000	5,287,000	455,000	8.6%
Long-term liabilities	17,356,000	18,505,000	(1,149,000)	-6.2%
Other liabilities	2,534,000	2,300,000	234,000	10.2%
Total liabilities	19,890,000	20,805,000	(915,000)	-4.4%
Deferred inflows of resources	1,813,000	269,000	1,544,000	574.0%
Net position				
Net investment in capital assets	19,533,000	16,304,000	3,229,000	19.8%
Restricted	3,093,000	4,185,000	(1,092,000)	-26.1%
Unrestricted	(780,000)	75,000	(855,000)	-1140.0%
Total net position	\$ 21,846,000	\$ 20,564,000	\$ 1,282,000	6.2%

Net position amounted to \$21,846,000 and \$20,564,000 as of June 30, 2018 and 2017, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used. These reserves are set aside for specific purposes governed by statutory law and regulations and include the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State and Local Employees' Retirement System (ERS); the capital reserve, which is dedicated for future renovations as approved by the District's voters; and an employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include debt service, workers' compensation, unemployment insurance, liability, insurance, and tax certiorari reserves.

Current assets increased by \$1,001,000 (\$224,000 increase in 2017) primarily due to positive operating results and timing of payments. Total assets also increased as a result of a change in the net pension position for the New York State Teachers' Retirement System (TRS). In 2017, the District's proportionate share of the net pension position was a liability of \$437,000, compared to an asset of \$352,000 in 2018. This change is due to a positive difference between actual and expected earnings on pension plan investments. Capital assets increased \$103,000 (\$610,000 decrease in 2017) as a result of current year capital spending in excess of depreciation.

Long-term liabilities decreased by \$1,149,000 (\$2,267,000 decrease in 2017) due to current year principal payments of \$1,425,000 on outstanding bonds. The increase in other liabilities of \$234,000 (increase of \$160,000 in 2017) is primarily due to an increase in outstanding payables from capital project activity offset by a decrease in required contributions to the State pension plans.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level which are required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net pension position. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

Condensed Statement of Activities	2018	2017	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 287,000	\$ 194,000	\$ 93,000	47.9%
Operating grants and contributions	1,396,000	1,307,000	89,000	6.8%
General revenues				
Property and sales taxes	8,590,000	8,563,000	27,000	0.3%
State aid	13,422,000	13,233,000	189,000	1.4%
Other	268,000	221,000	47,000	21.3%
Total revenue	<u>23,963,000</u>	<u>23,518,000</u>	<u>445,000</u>	<u>1.9%</u>
Expenses				
Instruction	15,624,000	16,194,000	(570,000)	-3.5%
Support services				
General support	3,300,000	3,179,000	121,000	3.8%
Pupil transportation	1,554,000	1,582,000	(28,000)	-1.8%
Food service	458,000	467,000	(9,000)	-1.9%
Interest and other	327,000	394,000	(67,000)	-17.0%
Total expenses	<u>21,263,000</u>	<u>21,816,000</u>	<u>(553,000)</u>	<u>-2.5%</u>
Change in net position	2,700,000	1,702,000	998,000	58.6%
Net position - beginning	20,564,000	18,862,000	1,702,000	9.0%
Restatement - GASB 75	(1,418,000)			
Net position - ending	<u>\$ 21,846,000</u>	<u>\$ 20,564,000</u>	<u>\$ 1,282,000</u>	<u>6.2%</u>

District revenues increased \$445,000 in 2018 (1.1% or \$257,000 increase in 2017). State aid increased \$189,000 (\$661,000 or 5.3% increase in 2017) due to an increase in foundation aid. Charges for services increased \$93,000 (\$518,000 or 72.8% decrease in 2017) due to increased tuition billings to other school districts and the increase of \$89,000 in operating grants and contributions (\$50,000 or 4.0% increase in 2017) is due to additional Title I funding.

Total expenses decreased \$553,000 (\$1,893,000 or 9.5% increase in 2017). A decrease in BOCES billings of \$334,000 was a result of one-time wiring costs incurred in 2017 for new security cameras. Payroll decreased \$58,000 or 0.6% due to retirements at the end of 2017 which offset contractual salary increases. Employee benefits, which are allocated amongst all instruction and support services expenses and include pension expense, OPEB expense, and health insurance premiums, decreased \$311,000 from 2017.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased by \$765,000 from \$5,478,000 to \$6,243,000 as follows:

- Total fund revenue increased \$445,000 or 1.9% (increase of \$252,000 or 1.1% in 2017) and total fund expenditures decreased by \$242,000 or 1.0% (increase of \$1,083,000 or 4.8% in 2017). The overall revenue increase is due to an increase in State aid and Title I funding, as mentioned previously. The overall decrease in expenditures is due to a decrease in principal and interest payments offset by an increase in capital expenditures.
- The general fund experienced a decrease in fund balance of \$1,567,000 compared to a \$126,000 increase in 2017. This decrease was attributable to transfers to the capital projects (\$2,600,000) and debt service (\$624,000) funds.
- The capital projects fund balance increased by \$1,659,000 in 2018, due to the transfer from the general fund as noted above. The school lunch fund showed positive operating results in 2018, generating a \$48,000 increase in fund balance (\$27,000 increase in 2017).

General Fund Budgetary Highlights

The revenue budget for 2018 was \$22,200,000, with actual revenues amounting to \$22,465,000, a positive variance of \$265,000 or 1.2%. This was primarily caused by miscellaneous income greater than budgeted.

Actual expenditures and carryover encumbrances were less than the final budget by \$660,000 or 2.9%. The difference is attributable to many factors and many unknown items at the time the budget is prepared. The District was able to generate savings in central services and instruction.

Capital Assets

	<u>2018</u>	<u>2017</u>
Land	\$ 139,000	\$ 139,000
Construction in progress	814,000	100,000
Buildings and improvements	42,617,000	42,435,000
Machinery and equipment	3,560,000	3,364,000
	<u>47,130,000</u>	<u>46,038,000</u>
Accumulated depreciation	<u>(18,439,000)</u>	<u>(17,450,000)</u>
	<u>\$ 28,691,000</u>	<u>\$ 28,588,000</u>

The investment in capital assets of \$1,258,000 during the year was offset by current year depreciation of \$1,155,000.

Debt

At June 30, 2018, the District had \$10,410,000 in bonds outstanding, with \$1,465,000 due within one year (\$11,835,000 outstanding at June 30, 2017). Outstanding compensated absences payable were \$4,953,000, with \$851,000 expected to be paid within one year (\$5,152,000 outstanding at June 30, 2017).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

School districts in New York State are impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate the planning process for schools.

The District will continue to mitigate the impact of rising costs of education on the overall budget, including using reserve funds as permitted by law to lessen their budgetary impact. The property tax levy cap further emphasizes the importance of using reserves judiciously and implementing creative cost cutting measures. These issues and concerns require management to plan carefully and prudently to provide the educational resources necessary to meet student needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori Prinz, School Business Administrator, Byron-Bergen Central School District, 6917 W. Bergen Road, Bergen, New York 14416-9747.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2018

(With comparative totals as of June 30, 2017)

	2018	2017
Assets		
Cash	\$ 7,263,047	\$ 5,411,262
Due from other governments	1,008,904	745,882
State and federal aid receivable	469,562	584,743
Due from fiduciary funds	-	997,366
Inventory	22,266	23,899
Net pension asset	352,039	-
Capital assets (Note 5)	47,130,368	46,038,560
Accumulated depreciation	(18,439,094)	(17,450,238)
Total assets	37,807,092	36,351,474
Deferred Outflows of Resources		
Defeasance loss	14,534	29,070
Deferred outflows of resources related to pensions	5,423,449	5,258,029
Deferred outflows of resources related to OPEB	303,603	-
Total deferred outflows of resources	5,741,586	5,287,099
Liabilities		
Accounts payable	648,997	414,729
Accrued liabilities	95,901	156,186
Due to retirement systems	896,650	1,016,035
Due to fiduciary funds	59,643	-
Unearned revenue	78,131	25,495
Bond anticipation notes	754,673	687,350
Long-term liabilities		
Due within one year:		
Bonds	1,465,000	1,425,000
Compensated absences	851,000	882,000
Due beyond one year:		
Bonds and related premiums	9,117,470	10,639,132
Compensated absences	4,102,000	4,270,000
Net pension liability	221,884	1,118,241
Total OPEB liability	1,598,229	170,436
Total liabilities	19,889,578	20,804,604
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	1,812,958	269,616
Net Position		
Net investment in capital assets	19,533,311	16,303,844
Restricted	3,092,532	4,185,452
Unrestricted	(779,701)	75,057
Total net position	\$ 21,846,142	\$ 20,564,353

See accompanying notes.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2018
(with summarized comparative totals for June 30, 2017)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2018	2017
Governmental activities					
General support	\$ 3,299,612	\$ 10,315	\$ -	\$ (3,289,297)	\$ (3,178,627)
Instruction	15,624,277	105,281	1,055,451	(14,463,545)	(15,175,382)
Pupil transportation	1,553,804	-	-	(1,553,804)	(1,582,397)
Community service	12,329	-	-	(12,329)	(15,221)
Interest expense	315,566	-	-	(315,566)	(379,074)
School food service	457,591	170,764	340,653	53,826	16,444
	<u>\$ 21,263,179</u>	<u>\$ 286,360</u>	<u>\$ 1,396,104</u>	<u>(19,580,715)</u>	<u>(20,314,257)</u>
General revenues					
Real property and sales taxes				8,590,058	8,562,667
Miscellaneous				268,309	220,656
State aid				13,422,310	13,233,189
Total general revenues				<u>22,280,677</u>	<u>22,016,512</u>
Change in net position				2,699,962	1,702,255
Net position - beginning				20,564,353	18,862,098
Cumulative effect of a change in accounting principle				(1,418,173)	
Net position - beginning, as restated (Note 2)				<u>19,146,180</u>	<u>18,862,098</u>
Net position - ending				<u>\$ 21,846,142</u>	<u>\$ 20,564,353</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2018

(With summarized comparative totals as of June 30, 2017)

	General	Capital Projects	Special Aid	Debt Service	School Lunch	Total Governmental Funds	
						2018	2017
Assets							
Cash	\$ 6,387,497	\$ 131,084	\$ 47,690	\$ 624,175	\$ 72,601	\$ 7,263,047	\$ 5,411,262
Due from other governments	1,008,904	-	-	-	-	1,008,904	745,882
State and federal aid receivable	286,567	-	167,453	-	15,542	469,562	584,743
Due from other funds, net	-	2,423,054	-	-	184,616	2,607,670	1,272,153
Inventory	-	-	-	-	22,266	22,266	23,899
Total assets	\$ 7,682,968	\$ 2,554,138	\$ 215,143	\$ 624,175	\$ 295,025	\$ 11,371,449	\$ 8,037,939
Liabilities and Fund Balances							
Accounts payable	\$ 242,224	\$ 389,492	\$ 17,211	\$ -	\$ 70	\$ 648,997	\$ 414,729
Accrued liabilities	77,906	-	-	-	5,195	83,101	141,686
Due to retirement systems	896,650	-	-	-	-	896,650	1,016,035
Due to other funds, net	2,474,705	-	192,608	-	-	2,667,313	274,787
Unearned revenue	72,807	-	5,324	-	-	78,131	25,495
Bond anticipation notes	-	754,673	-	-	-	754,673	687,350
Total liabilities	3,764,292	1,144,165	215,143	-	5,265	5,128,865	2,560,082
Fund Balances							
Nonspendable:							
Inventory	-	-	-	-	22,266	22,266	23,899
Restricted:							
Debt service	-	-	-	624,175	-	624,175	23,991
Liability	5,758	-	-	-	-	5,758	5,730
Unemployment insurance	125,003	-	-	-	-	125,003	92,654
Capital	52,093	1,409,973	-	-	-	1,462,066	2,051,401
Employee benefit accrued liability	1,599,162	-	-	-	-	1,599,162	1,481,987
Insurance	2,836	-	-	-	-	2,836	2,836
Retirement contribution	302,886	-	-	-	-	302,886	301,426
Tax certiorari	151,064	-	-	-	-	151,064	150,336
Workers' compensation	229,555	-	-	-	-	229,555	75,091
Assigned:							
Designated for subsequent year's expenditures	300,000	-	-	-	-	300,000	312,877
Other purposes	229,115	-	-	-	267,494	496,609	347,504
Unassigned	921,204	-	-	-	-	921,204	608,125
Total fund balances	3,918,676	1,409,973	-	624,175	289,760	6,242,584	5,477,857
Total liabilities and fund balances	\$ 7,682,968	\$ 2,554,138	\$ 215,143	\$ 624,175	\$ 295,025	\$ 11,371,449	\$ 8,037,939

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2018

Total fund balances - governmental funds \$ 6,242,584

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 28,691,274

The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Net pension asset	352,039	
Deferred outflows of resources related to pensions	5,423,449	
Net pension liability	(221,884)	
Deferred inflows of resources related to pensions	<u>(1,812,958)</u>	3,740,646

The District's total OPEB liability as well as OPEB-related deferred outflows of resources are recognized on the government-wide statements and include:

Deferred outflows of resources related to OPEB	303,603	
Total OPEB liability	<u>(1,598,229)</u>	(1,294,626)

Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide statements. 14,534

Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:

Bonds and related premiums	(10,582,470)	
Accrued interest	(12,800)	
Compensated absences	<u>(4,953,000)</u>	(15,548,270)

Net position - governmental activities \$ 21,846,142

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2018

(with summarized comparative totals for June 30, 2017)

	General	Capital Projects	Special Aid	Debt Service	School Lunch	Total Governmental Funds	
						2018	2017
Revenues							
Real property taxes	\$ 6,645,205	\$ -	\$ -	\$ -	\$ -	\$ 6,645,205	\$ 6,575,208
Real property tax items	1,913,846	-	-	-	-	1,913,846	1,956,513
Nonproperty taxes	31,007	-	-	-	-	31,007	30,946
Charges for services	88,490	-	-	-	-	88,490	13,498
Use of money and property	44,196	148	-	81	-	44,425	8,673
Sale of property and compensation for loss	8,237	-	-	-	-	8,237	8,578
Miscellaneous	242,753	-	-	-	6,305	249,058	234,061
State sources	13,422,310	-	426,216	-	65,516	13,914,042	13,403,791
Federal sources	68,938	-	560,297	-	275,137	904,372	1,126,618
Sales	-	-	-	-	164,459	164,459	160,209
Total revenues	22,464,982	148	986,513	81	511,417	23,963,141	23,518,095
Expenditures							
General support	2,471,010	-	1,500	-	93,488	2,565,998	2,650,365
Instruction	11,228,954	-	985,013	-	-	12,213,967	12,342,256
Pupil transportation	1,165,276	272,649	-	-	-	1,437,925	1,439,044
Community service	12,329	-	-	-	-	12,329	15,221
Employee benefits	3,918,581	-	-	-	64,102	3,982,683	3,943,828
Debt service							
Principal	1,652,677	-	-	-	-	1,652,677	2,466,217
Interest	359,392	-	-	-	-	359,392	423,900
Cost of sales	-	-	-	-	289,904	289,904	286,974
Capital outlay	-	895,787	-	-	15,429	911,216	100,000
Total expenditures	20,808,219	1,168,436	986,513	-	462,923	23,426,091	23,667,805
Excess revenues (expenditures)	1,656,763	(1,168,288)	-	81	48,494	537,050	(149,710)
Other financing sources (uses)							
BANs redeemed from appropriations	-	227,677	-	-	-	227,677	211,217
Operating transfers	(3,224,094)	2,600,000	-	624,094	-	-	-
Total other financing sources (uses)	(3,224,094)	2,827,677	-	624,094	-	227,677	211,217
Net change in fund balances	(1,567,331)	1,659,389	-	624,175	48,494	764,727	61,507
Fund balances (deficit) - beginning	5,486,007	(249,416)	-	-	241,266	5,477,857	5,416,350
Fund balances - ending	\$ 3,918,676	\$ 1,409,973	\$ -	\$ 624,175	\$ 289,760	\$ 6,242,584	\$ 5,477,857

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities**

For the year ended June 30, 2018

Total net change in fund balances - governmental funds **\$ 764,727**

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceed depreciation expense. 102,952

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2018 TRS and ERS contributions	1,067,920	
2018 ERS accrued contribution	102,858	
2017 ERS accrued contribution	(106,887)	
2018 TRS pension expense	(867,278)	
2018 ERS pension expense	<u>(326,139)</u>	(129,526)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.

293,983

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.

1,425,000

In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:

Amortization of defeasance loss	(14,536)	
Amortization of bond premiums	56,662	
Interest	1,700	
Compensated absences	<u>199,000</u>	242,826

Change in net position - governmental activities **\$ 2,699,962**

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in
Fund Balance Budget (Non-GAAP) and Actual - General Fund**

For the year ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 6,616,964	\$ 6,616,964	\$ 6,645,205		\$ 28,241
Real property tax items	1,783,000	1,783,000	1,913,846		130,846
Nonproperty taxes	35,000	35,000	31,007		(3,993)
Charges for services	45,000	45,000	88,490		43,490
Use of money and property	36,000	36,000	44,196		8,196
Sale of property and compensation for loss	-	-	8,237		8,237
Miscellaneous	107,500	107,500	242,753		135,253
State sources	13,563,969	13,563,969	13,422,310		(141,659)
Federal sources	12,187	12,187	68,938		56,751
Total revenues	22,199,620	22,199,620	22,464,982		265,362
Expenditures					
General support					
Board of education	24,375	25,625	21,299	-	(4,326)
Central administration	240,675	244,252	235,616	6,295	(2,341)
Finance	302,084	322,459	305,140	-	(17,319)
Staff	44,825	57,825	55,686	-	(2,139)
Central services	1,779,259	1,862,260	1,468,252	177,675	(216,333)
Special items	403,460	386,494	385,017	-	(1,477)
Instruction					
Instruction, administration, and improvement	585,050	579,032	660,306	416	81,690
Teaching - regular school	5,978,827	5,851,356	5,678,685	1,149	(171,522)
Programs for children with handicapping conditions	2,712,838	2,417,214	2,295,291	-	(121,923)
Occupational education	992,741	813,493	800,769	-	(12,724)
Instructional media	756,275	840,942	741,123	655	(99,164)
Pupil services	1,218,668	1,133,192	1,052,780	42,925	(37,487)
Pupil transportation	1,302,810	1,195,427	1,165,276	-	(30,151)
Community service	15,270	15,920	12,329	-	(3,591)
Employee benefits	4,355,000	3,939,666	3,918,581	-	(21,085)
Debt service					
Principal	1,710,677	1,652,677	1,652,677	-	-
Interest	359,800	359,800	359,392	-	(408)
Total expenditures	22,782,634	21,697,634	20,808,219	229,115	(660,300)
Excess revenues (expenditures)	(583,014)	501,986	1,656,763	(229,115)	925,662
Other financing sources (uses)					
Operating transfers in	255,000	255,000	-		(255,000)
Operating transfers out	(115,000)	(1,200,000)	(3,224,094)		2,024,094
Appropriated fund balance and encumbrances	443,014	443,014	-		(443,014)
Total other financing sources (uses)	583,014	(501,986)	(3,224,094)		(2,722,108)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (1,567,331)	\$ (229,115)	\$ (1,796,446)

See accompanying notes.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2018

	Private-Purpose	
	Trusts	Agency
Assets		
Cash	\$ 536,559	\$ 365,979
Due from governmental funds	746	58,897
	<u>537,305</u>	<u>\$ 424,876</u>
Liabilities		
Extraclassroom activities balances	-	\$ 91,827
Agency liabilities	-	333,049
Total liabilities	<u>-</u>	<u>\$ 424,876</u>
Net Position		
Restricted for scholarships	<u>\$ 537,305</u>	

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BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2018

	Private-Purpose
	Trusts
Additions	
Gifts and donations	\$ 1,925
Interest income	748
	<u>2,673</u>
Deductions	
Scholarship awards	<u>9,600</u>
Change in net position	(6,927)
Net position - beginning	<u>544,232</u>
Net position - ending	<u>\$ 537,305</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Byron-Bergen Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

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

Joint Venture

The District is one of 22 participating school districts in the Genesee Valley BOCES (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2018, the District was billed \$3,281,000 for BOCES administrative and program costs and recognized revenue of \$208,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Genesee Area Healthcare Plan and the Genesee County Self-Insurance Workers' Compensation Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation coverage for participating entities. These activities are further presented in Note 10.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

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 a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial 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 the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Debt service fund.* This fund is used to account for resources that are restricted, committed, or assigned to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.

- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.

The District reports the following fiduciary funds:

- *Private-purpose trust fund.* This fund reports trust arrangements under which principal and income benefit various third party scholarship arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and employee third party withholdings. The agency fund is custodial in nature and does not involve measurement of results of operations.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2018, the tax lien was issued on August 3, 2017 for collection from September 1, 2017 through October 30, 2017. Thereafter, uncollected amounts became the responsibility of Monroe, Orleans, and Genesee Counties. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Genesee County Industrial Development Agency (GCIDA), a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development.

Through GCIDA, companies promise to expand or maintain facilities or employment within the communities served by the District, to establish a new business, or to relocate an existing business to the communities. Economic development agreements entered into by GCIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

For the year ended June 30, 2018, the District's taxes were abated \$104,000 under these agreements. However, because the abated amounts are spread across the District's entire tax base, there is no impact on the overall property taxes collected.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2017 was approved by a majority of the voters in a general election held on May 16, 2017.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Inventory

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life
Buildings and improvements	\$50,000	15-50 years
Machinery and equipment	\$1,000	5-25 years

Bond Defeasances

In the government-wide financials statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and deferred outflows of resources for defeasance losses, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represents resources that cannot be spent as they are not expected to be converted to cash and include inventory.

Fund balance restrictions consist of the following reserves:

- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Liability* – is used to pay for liability claims incurred. Annual funding of this reserve may not exceed 3% of the budget.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In September 2014, voters approved the establishment of a reserve not to exceed \$1,000,000. In May 2016, voters approved an increase in the reserve to \$2,000,000. This reserve has been fully funded and used.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee’s services. It is 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.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriations which may not exceed 5% of the budget.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *Workers’ compensation* – 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 program.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-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 fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District’s practice to settle these amounts at the net balances due between funds.

2. Change in Accounting Principle

Effective July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), which supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures (Note 9) and required supplementary information. As a result, beginning of year net position has been restated as follows:

Net position previously reported, July 1, 2017	\$ 20,564,353
OPEB previously reported	170,436
Total OPEB liability	(1,588,609)
Amounts paid by the District subsequent to the measurement date	-
Net position as restated	<u>\$ 19,146,180</u>

Information on beginning of year deferred outflows and deferred inflows of resources, and all information for the prior year, is not available and therefore such amounts have not been restated.

3. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2018, the District's bank deposits were fully collateralized by FDIC coverage and securities held in trust by the pledging institutions.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 192,608	\$ 2,667,313	\$ -	\$ 3,224,094
Capital projects	2,423,054	-	2,600,000	-
Special aid	-	192,608	-	-
Debt service	-	-	624,094	-
School lunch	184,616	-	-	-
Fiduciary	59,643	-	-	-
	<u>\$ 2,859,921</u>	<u>\$ 2,859,921</u>	<u>\$ 3,224,094</u>	<u>\$ 3,224,094</u>

The District's general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The amounts owed from the general fund to the fiduciary fund represent health reimbursement account withholdings paid by the fiduciary fund with amounts that will be reimbursed from the general fund. The amounts owed to the school lunch and capital projects funds from the general fund represent federal and state funds initially received in the general fund. The general fund made a permanent transfer to the capital projects fund to pay for the local share of capital projects costs and to the debt service fund to pay future debt service.

5. Capital Assets

	July 1, 2017	Increases	Retirements/ Reclassifications	June 30, 2018
Non-depreciable capital assets:				
Land	\$ 139,383	\$ -	\$ -	\$ 139,383
Construction in progress	100,000	813,620	(100,000)	813,620
Total non-depreciable assets	239,383	813,620	(100,000)	953,003
Depreciable capital assets:				
Buildings and improvements	42,434,655	82,167	100,000	42,616,822
Machinery and equipment	3,364,522	362,314	(166,293)	3,560,543
Total depreciable assets	45,799,177	444,481	(66,293)	46,177,365
Less accumulated depreciation:				
Buildings and improvements	15,353,370	828,961	-	16,182,331
Machinery and equipment	2,096,868	326,188	(166,293)	2,256,763
Total accumulated depreciation	17,450,238	1,155,149	(166,293)	18,439,094
Total depreciable assets, net	28,348,939	(710,668)	100,000	27,738,271
	\$ 28,588,322	\$ 102,952	\$ -	\$ 28,691,274

Depreciation expense has been allocated to the following functions: general support \$198,623, instruction \$850,260, school lunch \$10,097, and pupil transportation \$96,169.

At June 30, 2018, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 28,691,274
Defeasance loss	14,534
Cash and other receivables in capital projects fund, net of related payables	2,164,646
Bonds anticipation notes payable	(754,673)
Bonds and related premiums	(10,582,470)
	\$ 19,533,311

6. Short-Term Debt

Aggregate bond anticipation notes (BANs) outstanding at June 30, 2018 amounted to \$754,673 (\$687,350 at June 30, 2017) and carry interest at 1.58% (1.25% at June 30, 2017). In 2018, BANs of \$295,000 were issued and \$227,677 were redeemed from appropriations. The District intends to continue to reissue the BANs until paid.

7. Long-Term Liabilities

	July 1, 2017	Increases	Decreases	June 30, 2018	Amounts Due in One Year
Bonds	\$ 11,835,000	\$ -	\$ 1,425,000	\$ 10,410,000	\$ 1,465,000
Bond premiums	229,132	-	56,662	172,470	-
Compensated absences	5,152,000	-	199,000	4,953,000	851,000
	\$ 17,216,132	\$ -	\$ 1,680,662	\$ 15,535,470	\$ 2,316,000

Existing Obligations

Description	Maturity	Rate	Balance
Serial bonds - 2012	June 2026	2.5%-3.0%	\$ 10,195,000
Refunding bond - 2013	June 2019	2.0%-3.0%	215,000
			\$ 10,410,000

Debt Service Requirements

Years ending June 30,	Principal	Interest
2019	\$ 1,465,000	\$ 310,150
2020	1,285,000	268,350
2021	1,325,000	229,800
2022	1,365,000	190,050
2023	1,405,000	149,100
2024-2026	3,565,000	189,150
	\$ 10,410,000	\$ 1,336,600

8. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.80% for 2018. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2018, these rates ranged from 9.4% - 21.7%.

The amount outstanding and payable to TRS for the year ended June 30, 2018 was \$729,723. A liability to ERS of \$102,858 is also accrued based on the District's legally required contribution for employee services rendered from April 1, 2018 through June 30, 2018.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2018, the District reported a net pension asset of \$352,039 for its proportionate share of the TRS net pension position and a net pension liability of \$221,884 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2017, and the total pension liability was determined by an actuarial valuation as of June 30, 2016, with update procedures applied to roll forward the net pension position to June 30, 2017. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2017, the District's proportion was 0.046315%, an increase of 0.002137 from its proportion measured as of June 30, 2016.

The ERS net pension position was measured as of March 31, 2018, and the total pension liability was determined by an actuarial valuation as of April 1, 2017. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2018 measurement date, the District's proportion was 0.0068749%, an increase of 0.0000096 from its proportion measured as of March 31, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$1,193,417 on the government-wide statements (TRS expense of \$867,278 and ERS expense of \$326,139). At June 30, 2018, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 289,641	\$ 137,256	\$ 79,139	\$ 65,397
Changes of assumptions	3,582,064	-	147,128	-
Net difference between projected and actual earnings on pension plan investments	-	829,153	322,269	636,127
Changes in proportion and differences between District contributions and proportionate share of contributions	18,071	140,450	152,556	4,575
District contributions subsequent to the measurement date	729,723	-	102,858	-
	\$ 4,619,499	\$ 1,106,859	\$ 803,950	\$ 706,099

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

Years ending June 30,	TRS	ERS
2019	\$ 63,734	\$ 105,391
2020	929,973	85,241
2021	660,461	(134,415)
2022	150,629	(61,224)
2023	658,488	-
Thereafter	319,632	-
	\$ 2,782,917	\$ (5,007)

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2016 valuation, with update procedures used to roll forward the total pension liability to June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.5%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.90% - 4.72%

Projected Cost of Living Adjustments (COLA) – 1.5% compounded annually

Investment rate of return – 7.25% compounded annually, net of investment expense, including inflation (7.50% for the 2016 measurement)

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis

Discount rate – 7.25% (7.50% for the 2016 measurement)

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation, with update procedures used to roll forward the total pension liability to March 31, 2018, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 3.8%

COLA – 1.3% annually

Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries’ Scale MP-2014

Discount rate – 7.0%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the Systems’ target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	35%	5.9%	36%	4.6%
International equities	18%	7.4%	14%	6.4%
Private equities	8%	9.0%	10%	7.5%
Real estate	11%	4.3%	10%	5.6%
Inflation-indexed bonds	-	-	4%	1.3%
Domestic fixed income securities	16%	1.6%	-	-
Global fixed income securities	2%	1.3%	-	-
Bonds and mortgages	8%	2.8%	17%	1.3%
Short-term	1%	0.6%	1%	(0.3)%
Other	1%	3.9%	8%	3.8%-5.7%
	100%		100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District’s proportionate share of its net pension position calculated using the discount rate of 7.25% (TRS) and 7.0% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (6,064,586)	\$ 352,039	\$ 5,725,643
District's proportionate share of the ERS net pension asset (liability)	\$ (1,678,836)	\$ (221,884)	\$ 1,010,639

9. Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for District employees and their spouses based on various bargaining unit agreements and individual contracts. Eligibility for benefits is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. The Plan provides an implicit rate subsidy for retirees that choose to remain on the District’s healthcare plans subsequent to retirement. The retiree pays the entire amount of the monthly insurance premium. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2018, employees covered by the Plan include:

Active employees	171
Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	-
	<u>224</u>

Total OPEB Liability

The District’s total OPEB liability of \$1,598,229 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – initially 7.5%, decreasing 0.5% per year to an ultimate rate of 4.5% after 2022

Salary increases – 3.31%

Mortality – RP-2014 Adjusted to 2006 Total Data Set Mortality Table projected to the valuation date with Scale MP-2016, fully generational

Discount rate – 3.0% based on a yield or index rate for 20-Year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date

Inflation rate – 2.6%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	<u>\$ 1,588,609</u>
Changes for the year:	
Service cost	72,974
Interest	43,287
Changes of benefit terms	-
Differences between expected and actual experience	333,963
Changes of assumptions or other inputs	-
Benefit payments	<u>(440,604)</u>
Net changes	<u>9,620</u>
Balance at June 30, 2018	<u>\$ 1,598,229</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, including what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (2.0%)	Discount Rate (3.0%)	1.0% Increase (4.0%)
Total OPEB liability	<u>\$ (1,725,315)</u>	<u>\$ (1,598,229)</u>	<u>\$ (1,478,219)</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rates, including what the District’s total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (6.50% to 3.50%)	Discount Rate (7.50% to 4.50%)	1.0% Increase (8.50% to 5.50%)
Total OPEB liability	<u>\$ (1,393,806)</u>	<u>\$ (1,598,229)</u>	<u>\$ (1,842,925)</u>

OPEB Expense and Deferred Outflows of Resources

For the year ended June 30, 2018, the District recognized OPEB expense of \$146,621. At June 30, 2018, the District reported deferred outflows of resources related to OPEB of \$303,603 for differences between expected and actual experience. Such amounts will be recognized in OPEB expense as follows:

<u>Years ending June 30,</u>	
2019	\$ 30,360
2020	30,360
2021	30,360
2022	30,360
2023	30,360
Thereafter	<u>151,803</u>
	<u>\$ 303,603</u>

10. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Health Insurance

The District participates in the Genesee Area Healthcare Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 24 participating members as of June 30, 2017 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2017, which can be obtained from Genesee Valley BOCES, 80 Munson Street, LeRoy, NY 14482.

Workers' Compensation

The District participates in the Genesee County Self-Insurance Workers' Compensation Plan (the Plan) sponsored by Genesee County. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 47 members as of December 31, 2017 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required.

The Plan has published its own financial report for the year ended December 31, 2017 which can be obtained from Genesee County Self-Insurance Workers' Compensation Plan, 15 Main Street, Batavia, NY 14020.

11. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Construction Commitments

The District has entered into contracts with various construction companies for its ongoing capital project. District voters approved spending up to \$18,452,902 and the District currently has open commitments totaling \$2,291,000.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of the District's Proportionate Share of the Net Pension Position New York State Teachers' Retirement System

As of the measurement date of June 30,	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.046315%	0.044178%	0.044391%	0.043960%	0.045931%
District's proportionate share of the net pension asset (liability)	\$ 352,039	\$ (473,160)	\$ 4,610,808	\$ 4,896,911	\$ 302,339
District's covered payroll	\$ 7,339,377	\$ 6,817,044	\$ 6,805,183	\$ 6,580,736	\$ 6,788,265
District's proportionate share of the net pension position as a percentage of its covered payroll	4.80%	6.94%	67.75%	74.41%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%	100.70%

Data prior to 2013 is unavailable.

The following is a summary of changes of assumptions:

	2017	2016	2015
Inflation	2.5%	2.5%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%
Cost of living adjustments	1.5%	1.5%	1.625%
Investment rate of return	7.25%	7.5%	8.0%
Discount rate	7.25%	7.5%	8.0%
Society of Actuaries' mortality scale	MP-2014	MP-2014	AA

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System**

June 30,	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 729,723	\$ 860,175	\$ 903,940	\$ 1,168,923	\$ 1,055,215	\$ 796,575
Contribution in relation to the contractually required contribution	(729,723)	(860,175)	(903,940)	(1,168,923)	(1,055,215)	(796,575)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,446,153	\$ 7,339,377	\$ 6,817,044	\$ 6,805,183	\$ 6,580,736	\$ 6,788,265
Contributions as a percentage of covered payroll	9.80%	11.72%	13.26%	17.18%	16.03%	11.73%

Data prior to 2013 is unavailable.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System**

As of the measurement date of March 31,	2018	2017	2016	2015
District's proportion of the net pension position	0.0068749%	0.0068653%	0.0070527%	0.0066416%
District's proportionate share of the net pension liability	\$ 221,884	\$ 645,081	\$ 1,131,975	\$ 224,368
District's covered payroll	\$ 2,331,766	\$ 2,308,649	\$ 2,075,859	\$ 1,916,607
District's proportionate share of the net pension position as a percentage of its covered payroll	9.52%	27.94%	54.53%	11.71%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

Data prior to 2015 is unavailable.

The following is a summary of changes of assumptions:

	2016	2015
Inflation	2.5%	2.7%
Salary increases	3.8%	4.9%
Cost of living adjustments	1.3%	1.4%
Investment rate of return	7.0%	7.5%
Discount rate	7.0%	7.5%

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System**

June 30,	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 338,197	\$ 346,515	\$ 409,084	\$ 365,998	\$ 417,270	\$ 347,923
Contribution in relation to the contractually required contribution	(338,197)	(346,515)	(409,084)	(365,998)	(417,270)	(347,923)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,331,766	\$ 2,308,649	\$ 2,075,859	\$ 1,916,607	\$ 1,974,974	\$ 2,001,052
Contributions as a percentage of covered payroll	14.50%	15.01%	19.71%	19.10%	21.13%	17.39%

Data prior to 2013 is unavailable.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of Changes in the District's Total OPEB Liability and Related Ratios

June 30, 2018

Total OPEB liability - beginning	<u>\$ 1,588,609</u>
Changes for the year:	
Service cost	72,974
Interest	43,287
Changes of benefit terms	-
Differences between expected and actual experience	333,963
Changes of assumptions or other inputs	-
Benefit payments	<u>(440,604)</u>
Net change in total OPEB liability	<u>9,620</u>
Total OPEB liability - ending	<u>\$ 1,598,229</u>
Covered-employee payroll	<u>\$ 9,483,905</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>16.85%</u>

Data prior to 2018 is unavailable.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund**

For the year ended June 30, 2018

Original expenditure budget	\$ 22,767,497
Encumbrances carried over from prior year	<u>130,137</u>
Revised expenditure budget	<u>\$ 22,897,634</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 529,115
Unassigned	<u>921,204</u>
	1,450,319
Encumbrances included in assigned fund balance	(229,115)
Appropriated fund balance used for tax levy	<u>(300,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 921,204</u>

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2019 expenditure budget (unaudited)	\$ 22,998,010
4% of budget	<u>919,920</u>
Actual percentage of 2019 expenditure budget	<u>4.0%</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Supplementary Information
Schedule of Capital Project Expenditures**

June 30, 2018

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2017-2018 Bus Purchases	\$ 303,960	\$ 293,328	\$ 20,679	\$ 272,649	\$ 293,328	\$ -
2017-2018 Capital Outlay Project	100,000	82,167	-	82,167	82,167	-
2018 Capital Improvements Project	18,452,902	18,452,902	-	813,620	813,620	17,639,282
	<u>\$ 18,856,862</u>	<u>\$ 18,828,397</u>	<u>\$ 20,679</u>	<u>\$ 1,168,436</u>	<u>\$ 1,189,115</u>	<u>\$ 17,639,282</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Supplementary Information
Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
U.S. Department of Education:			
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-18-0278	\$ 256,129
Special Education Preschool Grants	84.173	0033-18-0278	10,843
Total Special Education Cluster			<u>266,972</u>
Title I Grants to Local Educational Agencies	84.010	0021-18-1005	248,157
Supporting Effective Instruction State Grants	84.367	0147-18-1005	45,168
Total U.S. Department of Education			<u>560,297</u>
U.S. Department of Agriculture:			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	55,067
National School Lunch Program	10.555	N/A	166,839
Summer Food Service Program for Children	10.559	N/A	12,198
Total Child Nutrition Cluster			<u>234,104</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-17-0006	15,429
Passed Through New York State Office of General Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	25,604
Total U.S. Department of Agriculture			<u>275,137</u>
Total Expenditures of Federal Awards			<u>\$ 835,434</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Byron-Bergen Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District 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 District used \$25,604 worth of commodities under the Child Nutrition Discretionary Grants Limited Availability program (CFDA Number 10.579).

INDEPENDENT AUDITORS' 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

The Board of Education
Byron-Bergen Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Byron-Bergen Central School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 27, 2018.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Lumaden & McCormick, LLP

September 27, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Byron-Bergen Central School District

Report on Compliance for Each Major Federal Program

We have audited Byron-Bergen 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, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Lumaden & McCormick, LLP

September 27, 2018

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2018

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>	<u>Amount</u>
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 256,129
Special Education Preschool Grants	84.173	10,843
		<u>\$ 266,972</u>

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

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.