

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2019

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Table of Contents

June 30, 2019

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Statement of Net Position

Statement of Activities

Balance Sheet – Governmental Funds

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

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

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

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

Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position

Notes to Financial Statements

Required Supplementary Information (Unaudited)

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

Schedule of District Contributions – New York State Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Position – New York State and Local Employees' Retirement System

Schedule of District Contributions – New York State and Local Employees' Retirement System

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

Supplementary Information

Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit – General Fund

Schedule of Capital Project Expenditures

Schedule of Expenditures of Federal Awards and related notes

Reports on Federal Award Programs

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*

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2019, 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

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

Lumaden & McCormick, LLP

October 3, 2019

Byron-Bergen Central School District
Management's Discussion and Analysis
June 30, 2019
(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, 2019. 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. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between them is 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	Change			
	2019	2018	\$	%
Current and other assets	\$ 20,608,000	\$ 9,116,000	\$ 11,492,000	126.1%
Capital assets	32,005,000	28,691,000	3,314,000	11.6%
Total assets	52,613,000	37,807,000	14,806,000	39.2%
Deferred outflows of resources	5,760,000	5,742,000	18,000	0.3%
Long-term liabilities	16,674,000	17,356,000	(682,000)	(3.9%)
Other liabilities	16,133,000	2,534,000	13,599,000	536.7%
Total liabilities	32,807,000	19,890,000	12,917,000	64.9%
Deferred inflows of resources	1,510,000	1,813,000	(303,000)	(16.7%)
Net position				
Net investment in capital assets	20,596,000	19,533,000	1,063,000	5.4%
Restricted	4,197,000	3,093,000	1,104,000	35.7%
Unrestricted	(737,000)	(780,000)	43,000	(5.5%)
Total net position	\$ 24,056,000	\$ 21,846,000	\$ 2,210,000	10.1%

Net position amounted to \$24,056,000 and \$21,846,000 as of June 30, 2019 and 2018, 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) and the New York State Teachers' Retirement System (TRS); 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 and other assets increased by \$11,492,000 (\$1,353,000 increase in 2018) primarily due to positive operating results and unspent proceeds of bond anticipation notes (BANs) issued to pay for the ongoing 2018 capital improvements project. Also included in current and other assets is the net pension asset of \$827,000, which is the District's proportionate share of the TRS net pension position. The \$475,000 change is largely a result of changes in actuarial assumptions and actual earnings outpacing projected amounts. Capital assets increased \$3,314,000 (\$103,000 increase in 2018) as a result of the previously mentioned capital improvement project.

Long-term liabilities decreased by \$682,000 (\$1,149,000 decrease in 2018) due to current year principal payments of \$1,465,000 on outstanding bonds offset by an increase in the District's proportionate share of the ERS net pension liability of \$260,000 and an increase in the total OPEB liability of \$496,000. The increase in other liabilities of \$13,599,000 (increase of \$234,000 in 2018) is primarily due to \$13,234,000 in additional BANs issued during 2019 to fund capital projects, net of current year payments.

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	Change			
	2019	2018	\$	%
Revenues				
Program revenues				
Charges for services	\$ 357,000	\$ 287,000	\$ 70,000	24.4%
Operating grants and contributions	1,550,000	1,396,000	154,000	11.0%
General revenues				
Property taxes	8,817,000	8,590,000	227,000	2.6%
State aid	13,332,000	13,422,000	(90,000)	(0.7%)
Other	549,000	268,000	281,000	104.9%
Total revenue	<u>24,605,000</u>	<u>23,963,000</u>	<u>642,000</u>	<u>2.7%</u>
Expenses				
Instruction	16,497,000	15,624,000	873,000	5.6%
Support services				
General support	3,399,000	3,300,000	99,000	3.0%
Pupil transportation	1,678,000	1,554,000	124,000	8.0%
Food service	526,000	458,000	68,000	14.8%
Interest and other	295,000	327,000	(32,000)	(9.8%)
Total expenses	<u>22,395,000</u>	<u>21,263,000</u>	<u>1,132,000</u>	<u>5.3%</u>
Change in net position	2,210,000	2,700,000	(490,000)	(18.1%)
Net position – beginning	21,846,000	19,146,000	2,700,000	14.1%
Net position – ending	<u>\$ 24,056,000</u>	<u>\$ 21,846,000</u>	<u>\$ 2,210,000</u>	<u>10.1%</u>

District revenues increased \$642,000 in 2019 (1.9% or \$445,000 increase in 2018). Other revenue increased \$281,000 (\$47,000 or 21.3% in 2018) mainly due to premiums earned on BANs of \$132,000 and insurance recoveries of \$31,000. Real property taxes increased \$227,000 (\$27,000 or 0.3% increase in 2018) due to an increase in the tax levy while staying within the tax levy cap. The increase of \$154,000 in operating grants and contributions (\$89,000 or 6.8% increase in 2018) is due to additional Title IV and pathways in technology funding.

Total expenses increased \$1,132,000 (\$553,000 or 2.5% decrease in 2018). Payroll increased \$324,000 or 3.2% due to new hires and contractual salary increases offsetting retirements at the end of 2018. Employee benefits, which are allocated amongst all instruction and support services expenses and include pension expense, OPEB expense, and health insurance premiums, increased \$500,000 from 2018. Depreciation of capital assets, which is also allocated amongst all instruction and support services expenses, increased \$204,000 from 2018.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased by \$2,567,000 from \$6,243,000 to \$3,676,000 as follows:

- Total fund revenue increased \$521,000 or 2.2% (increase of \$445,000 or 1.9% in 2018) and total fund expenditures increased by \$4,001,000 or 17.1% (decrease of \$242,000 or 1.0% in 2018). The overall revenue increase is due to an increase in real property taxes, as mentioned previously. The overall increase in expenditures is due to an increase in capital outlay expenditures of \$3,497,000 or 383.8% (\$811,000 or 8.1% increase in 2018) as spending continued on the 2018 improvements project.
- The general fund experienced an increase in fund balance of \$1,057,000 compared to a decrease in fund balance of \$1,567,000 in 2018. This change was attributable to a reduction in transfers to other funds.

General Fund Budgetary Highlights

The revenue budget for 2019 was \$22,438,000, with actual revenues amounting to \$22,809,000, a positive variance of \$371,000 or 1.7%. This was primarily caused by charges for services and miscellaneous income in excess of amounts budgeted.

Actual expenditures and carryover encumbrances were less than the final budget by \$1,150,000 or 5.5%. 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, instruction, and pupil services.

Capital Assets

	2019	2018
Land	\$ 139,000	\$ 139,000
Construction in progress	3,293,000	814,000
Buildings and improvements	44,535,000	42,617,000
Machinery and equipment	3,577,000	3,560,000
	51,544,000	47,130,000
Accumulated depreciation	(19,539,000)	(18,439,000)
	\$ 32,005,000	\$ 28,691,000

The investment in capital assets of \$4,685,000 during the year was offset by current year depreciation and disposals of \$1,371,000.

Debt

At June 30, 2019, the District had \$8,945,000 in bonds outstanding, with \$1,285,000 due within one year (\$10,410,000 outstanding at June 30, 2018). Outstanding compensated absences payable were \$5,037,000, with \$812,000 expected to be paid within one year (\$4,953,000 outstanding at June 30, 2018).

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 this process.

The District will continue to mitigate uncertainty on State funding on the overall budget, including using reserve funds as permitted by law to lessen the budgetary impact. The property tax levy cap further emphasizes the importance of using reserves judiciously. 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, 2019

(With comparative totals as of June 30, 2018)

	2019	2018
Assets		
Cash	\$ 18,193,480	\$ 7,263,047
Due from other governments	790,702	1,008,904
State and federal aid receivable	777,992	469,562
Due from fiduciary funds	257	-
Inventory	18,714	22,266
Net pension asset	826,614	352,039
Capital assets (Note 5)	51,544,798	47,130,368
Accumulated depreciation	(19,539,688)	(18,439,094)
Total assets	52,612,869	37,807,092
Deferred Outflows of Resources		
Defeasance loss	-	14,534
Deferred outflows of resources related to pensions	4,819,429	5,423,449
Deferred outflows of resources related to OPEB	940,478	303,603
Total deferred outflows of resources	5,759,907	5,741,586
Liabilities		
Accounts payable	1,119,862	648,997
Accrued liabilities	220,758	95,901
Due to retirement systems	976,618	896,650
Due to fiduciary funds	-	59,643
Unearned revenue	70,648	78,131
Bond anticipation notes	13,744,832	754,673
Long-term liabilities		
Due within one year:		
Bonds	1,285,000	1,465,000
Compensated absences	812,000	851,000
Due beyond one year:		
Bonds and related premiums	7,775,808	9,117,470
Compensated absences	4,225,000	4,102,000
Net pension liability	481,904	221,884
Total OPEB liability	2,094,217	1,598,229
Total liabilities	32,806,647	19,889,578
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	1,309,290	1,812,958
Deferred inflows of resources related to OPEB	201,144	-
Total deferred inflows of resources	1,510,434	1,812,958
Net Position		
Net investment in capital assets	20,596,222	19,533,311
Restricted	4,197,186	3,092,532
Unrestricted	(737,713)	(779,701)
Total net position	\$ 24,055,695	\$ 21,846,142

See accompanying notes.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2019
 (with summarized comparative totals for June 30, 2018)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2019	2018
Governmental activities					
General support	\$ 3,399,597	\$ -	\$ -	\$ (3,399,597)	\$ (3,289,297)
Instruction	16,497,674	183,074	1,214,315	(15,100,285)	(14,463,545)
Pupil transportation	1,678,025	-	-	(1,678,025)	(1,553,804)
Community service	-	-	-	-	(12,329)
Interest expense	294,861	-	-	(294,861)	(315,566)
School food service	525,839	174,461	336,204	(15,174)	53,826
	<u>\$ 22,395,996</u>	<u>\$ 357,535</u>	<u>\$ 1,550,519</u>	<u>(20,487,942)</u>	<u>(19,580,715)</u>
General revenues					
				8,816,647	8,590,058
Real property and sales taxes				549,108	268,309
Miscellaneous				13,331,740	13,422,310
State aid				<u>22,697,495</u>	<u>22,280,677</u>
Total general revenues					
Change in net position				2,209,553	2,699,962
Net position - beginning				21,846,142	19,146,180
Net position - ending				<u>\$ 24,055,695</u>	<u>\$ 21,846,142</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2019

(With summarized comparative totals as of June 30, 2018)

	General	Capital Projects	Special Aid	Debt Service	School Lunch	Total Governmental Funds	
						2019	2018
Assets							
Cash	\$ 5,407,771	\$ 11,736,859	\$ 204,626	\$ 631,192	\$ 213,032	\$ 18,193,480	\$ 7,263,047
Due from other governments	790,702	-	-	-	-	790,702	1,008,904
State and federal aid receivable	298,708	-	460,706	-	18,578	777,992	469,562
Due from other funds, net	-	395,331	-	132,376	86,235	613,942	2,607,670
Inventory	-	-	-	-	18,714	18,714	22,266
Total assets	\$ 6,497,181	\$ 12,132,190	\$ 665,332	\$ 763,568	\$ 336,559	\$ 20,394,830	\$ 11,371,449
Liabilities and Fund Balances							
Accounts payable	\$ 282,491	\$ 735,438	\$ 101,695	\$ -	\$ 238	\$ 1,119,862	\$ 648,997
Accrued liabilities	146,663	-	-	-	46,395	193,058	83,101
Due to retirement systems	971,372	-	-	-	5,246	976,618	896,650
Due to other funds, net	80,372	-	533,313	-	-	613,685	2,667,313
Unearned revenue	40,324	-	30,324	-	-	70,648	78,131
Bond anticipation notes	-	13,744,832	-	-	-	13,744,832	754,673
Total liabilities	1,521,222	14,480,270	665,332	-	51,879	16,718,703	5,128,865
Fund Balances							
Nonspendable:							
Inventory	-	-	-	-	18,714	18,714	22,266
Restricted:							
Debt service	-	-	-	763,568	-	763,568	624,175
Liability	5,823	-	-	-	-	5,823	5,758
Unemployment insurance	126,425	-	-	-	-	126,425	125,003
Capital	977,686	-	-	-	-	977,686	1,462,066
Employee benefit accrued liability	1,429,574	-	-	-	-	1,429,574	1,599,162
Insurance	2,836	-	-	-	-	2,836	2,836
Retirement contribution	506,328	-	-	-	-	506,328	302,886
Tax certiorari	152,780	-	-	-	-	152,780	151,064
Workers' compensation	232,166	-	-	-	-	232,166	229,555
Assigned:							
Designated for subsequent year's expenditures	300,000	-	-	-	-	300,000	300,000
Other purposes	298,141	-	-	-	265,966	564,107	496,609
Unassigned	944,200	(2,348,080)	-	-	-	(1,403,880)	921,204
Total fund balances (deficit)	4,975,959	(2,348,080)	-	763,568	284,680	3,676,127	6,242,584
Total liabilities and fund balances	\$ 6,497,181	\$ 12,132,190	\$ 665,332	\$ 763,568	\$ 336,559	\$ 20,394,830	\$ 11,371,449

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

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

June 30, 2019

Total fund balances - governmental funds \$ 3,676,127

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. 32,005,110

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	826,614	
Deferred outflows of resources related to pensions	4,819,429	
Net pension liability	(481,904)	
Deferred inflows of resources related to pensions	<u>(1,309,290)</u>	3,854,849

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

Deferred outflows of resources related to OPEB	940,478	
Total OPEB liability	(2,094,217)	
Deferred inflows of resources related to OPEB	<u>(201,144)</u>	(1,354,883)

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	(9,060,808)	
Accrued interest	(27,700)	
Compensated absences	<u>(5,037,000)</u>	(14,125,508)

Net position - governmental activities \$ 24,055,695

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2019
(with summarized comparative totals for June 30, 2018)

	General	Capital Projects	Special Aid	Debt Service	School Lunch	Total Governmental Funds	
						2019	2018
Revenues							
Real property taxes	\$ 6,910,719	\$ -	\$ -	\$ -	\$ -	\$ 6,910,719	\$ 6,645,205
Real property tax items	1,872,679	-	-	-	-	1,872,679	1,913,846
Nonproperty taxes	33,249	-	-	-	-	33,249	31,007
Charges for services	163,388	-	-	-	-	163,388	88,490
Use of money and property	78,438	560	-	7,017	-	86,015	44,425
Sale of property and compensation for loss	24,431	27,500	-	-	-	51,931	8,237
Miscellaneous	309,931	-	-	-	6,714	316,645	249,058
State sources	13,331,740	-	542,401	-	69,474	13,943,615	13,914,042
Federal sources	84,009	-	587,905	-	266,730	938,644	904,372
Sales	-	-	-	-	167,747	167,747	164,459
Total revenues	22,808,584	28,060	1,130,306	7,017	510,665	24,484,632	23,963,141
Expenditures							
General support	2,472,572	-	-	-	140,703	2,613,275	2,565,998
Instruction	11,482,571	-	1,062,680	-	-	12,545,251	12,213,967
Pupil transportation	1,179,950	232,037	44,746	-	-	1,456,733	1,437,925
Community service	-	-	-	-	-	-	12,329
Employee benefits	3,985,278	-	22,880	-	70,599	4,078,757	3,982,683
Debt service							
Principal	-	-	-	1,708,841	-	1,708,841	1,652,677
Interest	-	-	-	322,089	-	322,089	359,392
Cost of sales	-	-	-	-	293,786	293,786	289,904
Capital outlay	-	4,397,917	-	-	10,657	4,408,574	911,216
Total expenditures	19,120,371	4,629,954	1,130,306	2,030,930	515,745	27,427,306	23,426,091
Excess revenues (expenditures)	3,688,213	(4,601,894)	-	(2,023,913)	(5,080)	(2,942,674)	537,050
Other financing sources (uses)							
BANs redeemed from appropriations	-	243,841	-	-	-	243,841	227,677
BAN premiums	-	-	-	132,376	-	132,376	-
Operating transfers	(2,630,930)	600,000	-	2,030,930	-	-	-
	(2,630,930)	843,841	-	2,163,306	-	376,217	227,677
Net change in fund balances	1,057,283	(3,758,053)	-	139,393	(5,080)	(2,566,457)	764,727
Fund balances - beginning	3,918,676	1,409,973	-	624,175	289,760	6,242,584	5,477,857
Fund balances (deficit) - ending	\$ 4,975,959	\$ (2,348,080)	\$ -	\$ 763,568	\$ 284,680	\$ 3,676,127	\$ 6,242,584

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, 2019

Total net change in fund balances - governmental funds \$ (2,566,457)

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 and disposals. 3,313,836

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:

2019 TRS and ERS contributions	1,115,186	
2019 ERS accrued contribution	111,019	
2018 ERS accrued contribution	(102,858)	
2019 TRS pension expense	(626,729)	
2019 ERS pension expense	<u>(382,415)</u>	114,203

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.

(60,257)

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.

1,465,000

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	(14,534)	
Amortization of bond premiums	56,662	
Interest	(14,900)	
Compensated absences	<u>(84,000)</u>	(56,772)

Change in net position - governmental activities \$ 2,209,553

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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 6,799,072	\$ 6,910,717	\$ 6,910,719		\$ 2
Real property tax items	1,935,217	1,823,572	1,872,679		49,107
Nonproperty taxes	35,000	35,000	33,249		(1,751)
Charges for services	46,000	46,000	163,388		117,388
Use of money and property	15,000	15,000	78,438		63,438
Sale of property and compensation for loss	5,000	5,000	24,431		19,431
Miscellaneous	125,000	125,000	309,931		184,931
State sources	13,458,221	13,458,221	13,331,740		(126,481)
Federal sources	19,500	19,500	84,009		64,509
Total revenues	22,438,010	22,438,010	22,808,584		370,574
Expenditures					
General support					
Board of education	16,873	34,823	22,168	10,036	(2,619)
Central administration	246,641	253,199	240,826	3,865	(8,508)
Finance	309,300	280,407	271,010	250	(9,147)
Staff	111,500	112,824	100,437	-	(12,387)
Central services	1,935,450	1,857,849	1,474,245	231,373	(152,231)
Special items	434,114	386,503	363,886	-	(22,617)
Instruction					
Instruction, administration, and improvement	593,995	652,068	619,833	3,411	(28,824)
Teaching - regular school	6,163,363	6,118,999	5,739,868	21,692	(357,439)
Programs for children with handicapping conditions	2,539,788	2,562,222	2,492,016	714	(69,492)
Occupational education	864,093	773,861	739,044	-	(34,817)
Teaching - special schools	40,753	43,036	43,036	-	-
Instructional media	752,757	842,594	808,697	-	(33,897)
Pupil services	1,293,332	1,302,826	1,040,077	20,411	(242,338)
Pupil transportation	1,211,598	1,272,281	1,179,950	6,389	(85,942)
Community service	4,270	4,270	-	-	(4,270)
Employee benefits	4,581,115	4,070,933	3,985,278	-	(85,655)
Total expenditures	21,098,942	20,568,695	19,120,371	298,141	(1,150,183)
Excess revenues (expenditures)	1,339,068	1,869,315	3,688,213	(298,141)	1,520,757
Other financing sources (uses)					
Operating transfers out	(2,128,183)	(2,658,430)	(2,630,930)		(27,500)
Appropriated fund balance, reserves, and carryover encumbrances	789,115	789,115	-		(789,115)
Total other financing sources (uses)	(1,339,068)	(1,869,315)	(2,630,930)		(761,615)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 1,057,283	\$ (298,141)	\$ 759,142

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2019

	Private-Purpose Trusts	Agency
Assets		
Cash	\$ 689,404	\$ 448,074
Liabilities		
Extraclassroom activities balances	-	\$ 85,839
Agency liabilities	50	361,978
Due to governmental funds	-	257
Total liabilities	50	\$ 448,074
Net Position		
Restricted for scholarships	\$ 689,354	

* * *

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2019

	Private-Purpose Trusts
Additions	
Gifts and donations	\$ 153,154
Interest income	8,245
	<u>161,399</u>
Deductions	
Scholarship awards	<u>9,350</u>
Change in net position	152,049
Net position - beginning	<u>537,305</u>
Net position - ending	<u>\$ 689,354</u>

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, 2019, the District was billed \$3,323,000 for BOCES administrative and program costs and recognized revenue of \$190,000 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, 2018, 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, 2019, the tax lien was issued on July 12, 2018 for collection from September 1, 2018 through October 30, 2018. 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, 2019, the District's taxes were abated \$385,000 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, 2018 was approved by a majority of the voters in a general election held on May 15, 2018.

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 in Years
Buildings and improvements	\$ 50,000	15 - 50
Machinery and equipment	\$ 1,000	5 - 25

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.

Other Postemployment Benefits (OPEB)

The total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan on the government-wide statements. Benefit payments in the plan are recognized when due and payable in accordance with benefit terms.

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, 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 and BAN 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 May 2019, voters approved the establishment of two reserves, with funding not to exceed \$2,000,000 and \$500,000, plus interest, over a 10-year period. Voters also authorized transfer of the remaining balance of \$52,686 from the 2014 capital reserve into the \$2,000,000 reserve. That reserve has been funded \$777,686 to date. The second reserve has been funded \$200,000 to date.
- *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 and TRS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2019, the retirement contribution reserve includes \$357,405 for ERS and \$148,923 for TRS.
- *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. Stewardship and Compliance

The capital projects deficit fund balance of \$2,348,080 will be funded when bond anticipation notes are converted to permanent financing.

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, 2019, the District’s bank deposits were fully collateralized by FDIC coverage and securities held in trust by the pledging institution’s agent in the District’s name.

4 Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 533,570	\$ 613,942	\$ -	\$ 2,630,930
Capital projects	527,707	132,376	600,000	-
Special aid	-	533,313	-	-
Debt service	132,376	-	2,030,930	-
School lunch	86,235	-	-	-
Fiduciary	-	257	-	-
	\$ 1,279,888	\$ 1,279,888	\$ 2,630,930	\$ 2,630,930

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 to the school lunch and capital projects funds from the general fund represent federal and state funds initially received in the general fund. Amounts owed to the debt service fund from the capital projects fund represent BAN premiums, the proceeds of which were originally deposited into the capital projects fund but which are restricted for debt service. The general fund made a permanent transfer to the capital projects fund to pay the local share of capital projects costs and to the debt service fund for principal and interest payments.

5. Capital Assets

	July 1, 2018	Increases	Retirements/ Reclassifications	June 30, 2019
Non-depreciable capital assets:				
Land	\$ 139,383	\$ -	\$ -	\$ 139,383
Construction in progress	813,620	4,397,917	(1,918,424)	3,293,113
Total non-depreciable assets	953,003	4,397,917	(1,918,424)	3,432,496
Depreciable capital assets:				
Buildings and improvements	42,616,822	-	1,918,424	44,535,246
Machinery and equipment	3,560,543	286,652	(270,139)	3,577,056
Total depreciable assets	46,177,365	286,652	1,648,285	48,112,302
Less accumulated depreciation:				
Buildings and improvements	16,182,331	999,987	-	17,182,318
Machinery and equipment	2,256,763	359,287	(258,680)	2,357,370
Total accumulated depreciation	18,439,094	1,359,274	(258,680)	19,539,688
Total depreciable assets, net	27,738,271	(1,072,622)	1,906,965	28,572,614
	\$ 28,691,274	\$ 3,325,295	\$ (11,459)	\$ 32,005,110

Depreciation expense has been allocated to the following functions: general support \$231,650, instruction \$996,695, school lunch \$17,649, and pupil transportation \$113,280.

At June 30, 2019, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 32,005,110
Cash held for capital projects, net of related payables	11,396,752
Bonds anticipation notes	(13,744,832)
Bonds and related premiums	(9,060,808)
	\$ 20,596,222

6. Short-Term Debt

Aggregate bond anticipation notes (BANs) outstanding at June 30, 2019 amounted to \$13,744,832 (\$754,673 at June 30, 2018) and carry interest from 2.50% to 3.00% (1.58% at June 30, 2018). In 2019, BANs of \$13,234,000 were issued and \$243,841 were redeemed from appropriations. The District intends to continue to reissue the BANs until paid or converted to permanent financing.

7. Long-Term Liabilities

	July 1, 2018	Increases	Decreases	June 30, 2019	Amount Due in One Year
Bonds	\$ 10,410,000	\$ -	\$ 1,465,000	\$ 8,945,000	\$ 1,285,000
Bond premiums	172,470	-	56,662	115,808	-
Compensated absences	4,953,000	84,000	-	5,037,000	812,000
	\$ 15,535,470	\$ 84,000	\$ 1,521,662	\$ 14,097,808	\$ 2,097,000

Existing Obligations

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u>
Serial bonds – 2012	June 2026	2.5% - 3.0%	\$ 8,945,000

Debt Service Requirements

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
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	1,450,000	106,950
2025-2026	2,115,000	82,200
	\$ 8,945,000	\$ 1,026,450

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 10.62% for 2019. 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 2019, these rates ranged from 9.4% - 21.6%.

The amount outstanding and payable to TRS for the year ended June 30, 2019 was \$802,101. A liability to ERS of \$111,019 is also accrued based on the District’s legally required contribution for employee services rendered from April 1 through June 30, 2019.

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

At June 30, 2019, the District reported an asset of \$826,614 for its proportionate share of the TRS net pension position and a liability of \$481,904 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures applied to roll forward the net pension position to June 30, 2018. 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, 2018, the District’s proportion was 0.045713%, a decrease of 0.000602 from its proportion measured as of June 30, 2017.

The ERS net pension position was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018. 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, 2019 measurement date, the District’s proportion was 0.0068015%, a decrease of 0.0000734 from its proportion measured as of March 31, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$1,009,144 on the government-wide statements (TRS expense of \$626,729 and ERS expense of \$382,415). At June 30, 2019, 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	\$ 617,722	\$ 111,894	\$ 94,897	\$ 32,349
Changes of assumptions	2,889,559	-	121,131	-
Net difference between projected and actual earnings on pension plan investments	-	917,605	-	123,683
Changes in proportion and differences between contributions and proportionate share of contributions	51,058	117,504	131,942	6,255
District contributions subsequent to the measurement date	802,101	-	111,019	-
	\$ 4,360,440	\$ 1,147,003	\$ 458,989	\$ 162,287

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, 2020. 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
2020	\$ 814,118	\$ 158,345
2021	548,107	(59,206)
2022	44,900	13,058
2023	546,160	73,486
2024	364,815	-
Thereafter	93,236	-
	\$ 2,411,336	\$ 185,683

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2017 valuation, with update procedures used to roll forward the total pension liability to June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.25% (2.5% for the 2017 measurement)

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

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%

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, 2018 valuation, with update procedures used to roll forward the total pension liability to March 31, 2019, 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 – 4.2% (3.8% for the 2018 measurement)

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 (net of long term inflation assumptions) 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	33%	5.8%	36%	4.6%
Global and International equities	20%	6.7%-7.3%	14%	6.4%
Private equities	8%	8.9%	10%	7.5%
Real estate	11%	4.9%	10%	5.6%
Inflation-indexed bonds	-	-	4%	1.3%
Domestic fixed income securities	16%	1.3%	-	-
Global fixed income securities	2%	0.9%	-	-
Bonds and mortgages	7%	2.8%	17%	1.3%
Short-term	1%	0.3%	1%	(0.3)%
Other	2%	3.5%-6.8%	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)	\$ (5,678,974)	\$ 826,614	\$ 6,276,489
District's proportionate share of the ERS net pension asset (liability)	\$ (2,106,960)	\$ (481,904)	\$ 883,259

9. 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 July 1, 2018, employees covered by the Plan include:

Active employees	131
Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	-
	206

Total OPEB Liability

The District’s total OPEB liability of \$2,094,217 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

The total OPEB liability in the July 1, 2018 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 6.1% (previously 7.5%), decreasing 0.5% per year to an ultimate rate of 4.1% (previously 4.5%) after 2076

Salary increases – 2.6% (previously 3.0%)

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

Discount rate – 3.5% (previously 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, 2018	\$ 1,598,229
Changes for the year:	
Service cost	53,894
Interest	47,597
Changes of benefit terms	-
Differences between expected and actual experience	(227,267)
Changes of assumptions or other inputs	753,889
Benefit payments	(132,125)
Net changes	495,988
Balance at June 30, 2019	\$ 2,094,217

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 (2.50%)	Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB liability	\$ (2,257,954)	\$ (2,094,217)	\$ (1,936,543)

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 (5.10% to 3.10%)	Healthcare Cost Trend Rate (6.10% to 4.10%)	1.0% Increase (7.10% to 5.10%)
Total OPEB liability	\$ (1,856,438)	\$ (2,094,217)	\$ (2,368,982)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$192,382. At June 30, 2019, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 273,243	\$ 201,144
Changes of assumptions or other inputs	667,235	-
	\$ 940,478	\$ 201,144

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

Years ending June 30,	
2020	\$ 90,891
2021	90,891
2022	90,891
2023	90,891
2024	90,891
Thereafter	284,879
	\$ 739,334

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, 2018 (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, 2018, 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, 2018 (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, 2018 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 is 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 \$11,837,000.

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,	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.045713%	0.046315%	0.044178%	0.044391%	0.043960%	0.045931%
District's proportionate share of the net pension asset (liability)	\$ 826,614	\$ 352,039	\$ (473,160)	\$ 4,610,808	\$ 4,896,911	\$ 302,339
District's covered payroll	\$ 7,446,153	\$ 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	11.10%	4.80%	6.94%	67.75%	74.41%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:						
Inflation	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

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

June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 802,101	\$ 729,723	\$ 860,175	\$ 903,940	\$ 1,168,923	\$ 1,055,215	\$ 796,575
Contribution in relation to the contractually required contribution	(802,101)	(729,723)	(860,175)	(903,940)	(1,168,923)	(1,055,215)	(796,575)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,552,740	\$ 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	10.62%	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,	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0068015%	0.0068749%	0.0068653%	0.0070527%	0.0066416%
District's proportionate share of the net pension liability	\$ (481,904)	\$ (221,884)	\$ (645,081)	\$ (1,131,975)	\$ (224,368)
District's covered payroll	\$ 2,240,209	\$ 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	21.51%	9.52%	27.94%	54.53%	11.71%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:					
Inflation	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	7.0%	7.0%	7.0%	7.0%	7.5%

Data prior to 2015 is unavailable.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

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

June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 313,085	\$ 338,197	\$ 346,515	\$ 409,084	\$ 365,998	\$ 417,270	\$ 347,923
Contribution in relation to the contractually required contribution	(313,085)	(338,197)	(346,515)	(409,084)	(365,998)	(417,270)	(347,923)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,240,209	\$ 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	13.98%	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,	2019	2018
Total OPEB liability - beginning	<u>\$ 1,598,229</u>	<u>\$ 1,588,609</u>
Changes for the year:		
Service cost	53,894	72,974
Interest	47,597	43,287
Changes of benefit terms	-	-
Differences between expected and actual experience	(227,267)	333,963
Changes of assumptions or other inputs	753,889	-
Benefit payments	<u>(132,125)</u>	<u>(440,604)</u>
Net change in total OPEB liability	<u>495,988</u>	<u>9,620</u>
Total OPEB liability - ending	<u>\$ 2,094,217</u>	<u>\$ 1,598,229</u>
Covered-employee payroll	<u>\$ 8,980,099</u>	<u>\$ 9,483,905</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>23.3%</u>	<u>16.9%</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, 2019

Original expenditure budget	\$ 22,998,010
Encumbrances carried over from prior year	<u>229,115</u>
Revised expenditure budget	<u>\$ 23,227,125</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 598,141
Unassigned	<u>944,200</u>
	1,542,341
Encumbrances included in assigned fund balance	(298,141)
Appropriated fund balance used for tax levy	<u>(300,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 944,200</u>

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

2020 expenditure budget (unaudited)	\$ 23,545,342
4% of budget	<u>941,814</u>
Actual percentage of 2020 expenditure budget	<u>4.0%</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2019

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
2018-2019 Capital Outlay Project	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
2018 Capital Improvements Project	18,452,902	813,620	4,297,917	5,111,537	13,341,365
Total	\$ 18,552,902	\$ 813,620	\$ 4,397,917	\$ 5,211,537	\$ 13,341,365

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures
U.S. Department of Education:			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-19-0278	\$ 278,670
Special Education Preschool Grants	84.173	0033-19-0278	14,355
Total Special Education Cluster			293,025
Title I Grants to Local Educational Agencies	84.010	0021-19-1005	239,233
Supporting Effective Instruction State Grants	84.367	0147-18-1005	37,805
Student Support and Academic Enrichment Program	84.424	0204-19-1005	17,729
Disaster Recovery Assistance for Education	84.938	0084-19-1005	113
Disaster Recovery Assistance for Education	84.938	0080-18-1005	18,000
Total U.S. Department of Education			605,905
U.S. Department of Agriculture:			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	57,721
National School Lunch Program	10.555	N/A	169,871
Summer Food Service Program for Children	10.559	N/A	14,082
Total Child Nutrition Cluster			241,674
Passed Through New York State Office of General Services:			
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	25,056
Total U.S. Department of Agriculture			266,730
Total Expenditures of Federal Awards			\$ 872,635

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, 2019, the District used \$25,056 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a 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

October 3, 2019

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, 2019. 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, 2019.

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

October 3, 2019

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

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	\$ 278,670
Special Education Preschool Grants	84.173	14,355
		<u>\$ 293,025</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.