

*SHENENDEHOWA CENTRAL SCHOOL DISTRICT
AT CLIFTON PARK, NEW YORK*

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE YEAR ENDED JUNE 30, 2017

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
COPREHENSIVE ANNUAL FINANCIAL STATEMENT
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This section of the Shenendehowa Central School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. It is based on both the governmental-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District completed the 2016-17 year with the following:

- an increase in restricted reserve funds of \$1.66 million, mainly due to an increase in the capital reserve fund.
- an increase in net investment in capital assets, net of related debt, of \$4.39 million, due to reducing the District's outstanding long term debt.
- a decrease in unrestricted net assets of \$15.54 million, primarily due to a \$15.7 million increase in postemployment benefits.

Property tax revenue increased by \$1.57 million in 2016-2017. This represents an increase in taxes of 1.54% over 2015-2016 with a true value tax rate decrease of 1.38%. An average annual tax base increase of 1.5% over the last 3 years has allowed the District to absorb tax levy increases with modest increases or sometimes decreases in the tax rate.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are ***district-wide financial statements*** that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are ***fund financial statements*** that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The ***governmental fund statements*** tell how basic services such as instruction and transportation were financed in the *short-term* as well as what remains for future spending.
- ***Proprietary fund statements*** offer *short-* and *long-term* financial information about the activities the District operates *like a business*, such as the Enterprise Fund. This fund is used to account for the cost of fuel and services rendered to other school districts, municipalities and not-for-profit organizations on a fee for service basis.
- ***Fiduciary fund statements*** provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

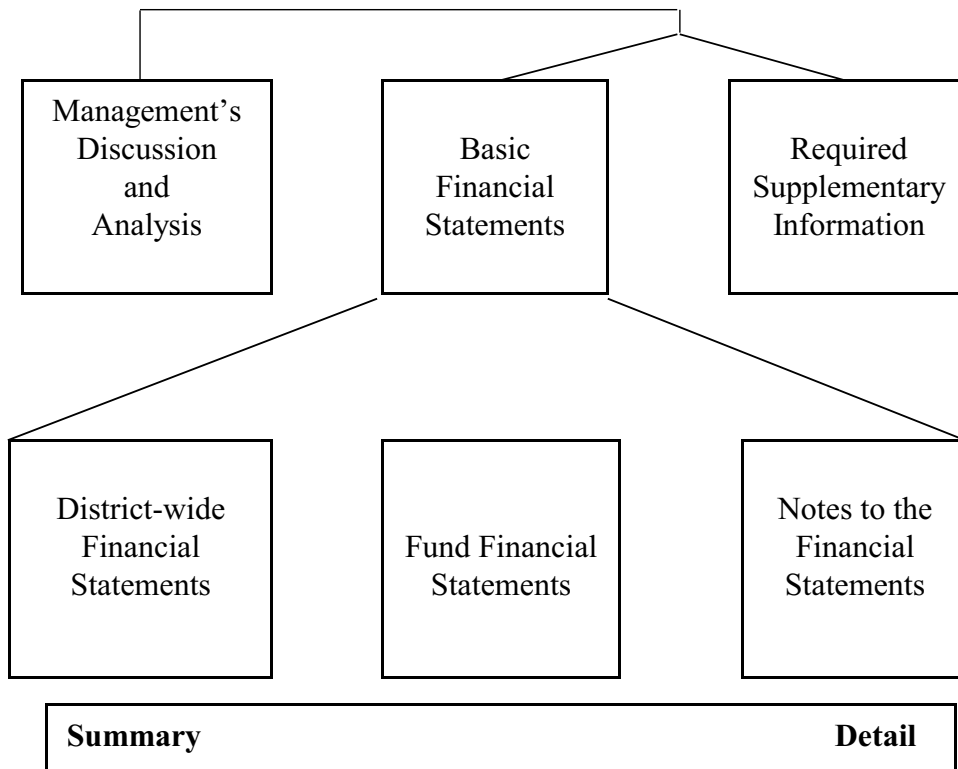
SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED)(CONTINUED)
JUNE 30, 2017*

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

**Organization of the Shenendehowa Central School District at Clifton Park, New York's
Annual Financial Report**



SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017*

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

Figure A-2

Major Features of the District-wide and Fund Financial Statements

<u>Description</u>	<u>District-wide Statements</u>	<u>Fund Financial Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the District operates similar to private businesses: Regional Transportation Fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

DISTRICT-WIDE STATEMENTS

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

The two district-wide statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases and decreases in net assets are an indicator of whether its financial position is improving or deteriorating respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are divided into two categories:
- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides through the District's Regional Transportation Program.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond requirements.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017

The District has three kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of or following the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently does not use *internal service funds* (the other kind of proprietary fund) to report activities.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position decreased by \$9.48 million from \$(0.91) million to \$(10.40) million. This is mainly due to the increased post-employment benefit costs, offset by a reduction in long term capital debt and net pension assets.

Total assets decreased \$9.04 million, or 4.71%. Current and other assets decreased \$37.08 million due mainly to a decrease in net pension assets. Capital assets decreased \$4.6 million as a result of a net increase in total capital assets of \$2.1 million offset by \$6.7 million in net disposals and depreciation cost.

Total liabilities increased by \$3.9 million, or 2.1%. This is mainly from a \$15.7 million increase in postemployment benefits. The short term portion decreased \$3.0 million due to a decrease in Bond Anticipation Notes of \$1.6 million and decreases in Teachers Retirement System and other short term liabilities. The District made a strategic decision to utilize operational excesses in the 2016-17 budget to pay down short-term debt before bonding for the long term in order to provide capacity in borrowing for future capital projects while minimizing the impact on the tax levy. The increase in the long term debt is mainly due to increases in the postemployment benefits liability of \$15.7 million offset by reductions in bonds payable of \$7.75 million for various capital projects. Currently, the state offers no mechanism to reserve for postemployment benefits.

The District has taken a number of steps to reserve funds for future anticipated costs. While many reserves are fully funded, the District reported a net increase in reserves of \$1.67 million compared to 2015-16 due mainly to an increase in the capital reserve.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017

The Tax Certiorari Reserve includes estimates to fund property tax claims filed against the District. The District utilized funds in 2016-17 in the amount of \$13,134 to fund several claim settlements that occurred during the year. The balance of the reserve represents the estimated liability of claims outstanding as of the end of 2016-17.

The Workers Compensation Reserve balance was decreased by \$158,153 to appropriately fund the estimated liability for current outstanding workers' compensation cases.

The District is utilizing the Retirement Contribution Reserve to offset increases in employees' retirement costs. The District reappropriated \$.75 million for use in 2016-17 as well as for the 2017-2018 budget, and added \$.75 million to this reserve at the end of the year.

The District is utilizing the Employee Benefit Accrued Liability Reserve to fund future leave credits that have accumulated and are to be paid out at retirement. The District utilized \$.66 million of this reserve in 2016-17, and reappropriated \$.66 million as a resource in the 2017-18 budget year.

The District established a Capital Reserve in 2015-16. The District added \$1.5 million to this reserve in the 2016-17 year.

The business activities of the District represent less than one-half of one percent of the District's net assets and increased by \$1,457 or 0.9%.

Figure-A-3

**Condensed Statement of Net Position - Governmental Activities
(in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Current and other assets	\$ 51,772	\$ 88,853	\$ 235	\$ 232	\$ 52,007	\$ 89,085	(41.6%)
Capital assets	84,802	89,398	-	-	84,802	89,398	(5.1%)
Total assets	<u>136,574</u>	<u>178,251</u>	<u>235</u>	<u>232</u>	<u>136,809</u>	<u>178,483</u>	(23.3%)
Deferred outflows	46,053	13,420	-	-	46,053	13,420	243.2%
Long-term debt outstanding	176,174	169,316	-	-	166,233	157,586	4.1%
Other liabilities	12,023	16,522	62	61	23,548	28,313	(27.2%)
Total liabilities	<u>188,197</u>	<u>185,838</u>	<u>62</u>	<u>61</u>	<u>189,781</u>	<u>185,899</u>	1.3%
Deferred inflows	4,999	6,916	-	-	3,477	6,916	(27.7%)
Net position							
Invested in capital assets, net of related debt	43,240	38,848	-	-	43,240	38,848	11.3%
Restricted	24,924	23,262	-	-	24,924	23,262	7.1%
Unrestricted	(78,733)	(63,193)	173	171	(78,560)	(63,022)	(24.7%)
Total net position	<u>\$ (10,569)</u>	<u>\$ (1,083)</u>	<u>\$ 173</u>	<u>\$ 171</u>	<u>\$ (10,396)</u>	<u>\$ (912)</u>	(1,039.9%)

CHANGES IN NET POSITION FROM OPERATING RESULTS

The District experienced a decrease in net position of \$9.5 million in 2016-17, due to expenditures exceeding revenues. However, certain post-employment benefits of \$15.7 million and depreciation expense of \$8.0 million do not affect the District's budgetary appropriations.

The District's total revenue increased by 2.6%, or \$4.4 million, to a total of \$171.9 million (See Figure A-4). An increase in taxes accounted for \$.97 million and an increase of \$3.0 million in state aid account for the majority of the balance of this increase.

Expenditures increased 10.1% or \$16.7 million to a total of \$181.4 million. The largest components of the increase occurred in employee benefits, with an increase of \$13.5 million from 2015-2016 and instructional costs, which increased by \$3.0 million. Benefits cost increases were driven mainly by increases in postemployment benefits of \$1.9 million, increases in net pension costs of \$10.1 million, and increases in compensated absences of \$1.4 million. Instructional costs increased \$3.0 million as a function of salary increases included in bargaining unit contracts.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017

Figure A-4

**Changes in Net Position from Operating Results
(in thousands)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2017	2016	2017	2016	2017	2016	
Revenues							
Program revenues							
Charges for services	\$ 4,194	\$ 4,197	\$ 64	\$ 63	\$ 4,258	\$ 4,260	(0.1%)
Operating grants	3,812	3,663	-	-	3,812	3,663	4.1%
General revenues							
Property taxes	116,654	115,682	-	-	116,654	115,682	0.8%
State formula aid and EXCEL aid	46,300	43,264	-	-	46,300	43,264	7.0%
Other	932	677	-	-	932	677	37.7%
Total Revenues	<u>171,892</u>	<u>167,483</u>	<u>64</u>	<u>63</u>	<u>171,956</u>	<u>167,546</u>	2.6%
Expenses							
General Support	14,242	14,141	-	-	14,242	14,141	0.7%
Instruction	84,050	81,081	-	-	84,050	81,081	3.7%
Pupil transportation	9,297	8,741	63	59	9,360	8,800	6.4%
Employee benefits	60,751	47,278	-	-	60,751	47,278	28.5%
Interest expense	1,765	1,955	-	-	1,765	1,955	(9.7%)
Other expense	8	10	-	-	8	10	(16.8%)
School lunch program	3,214	3,267	-	-	3,214	3,267	(1.6%)
Depreciation - - unallocated	8,033	8,200	-	-	8,033	8,200	(2.0%)
Total Expenses	<u>181,360</u>	<u>164,673</u>	<u>63</u>	<u>59</u>	<u>181,423</u>	<u>164,732</u>	10.1%
Prior Period Adjustment	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>-</u>	
Increase (Decrease) in Net Position	<u>\$ (9,485)</u>	<u>\$ 2,810</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ (9,484)</u>	<u>\$ 2,814</u>	(437.1%)

Figure A-5

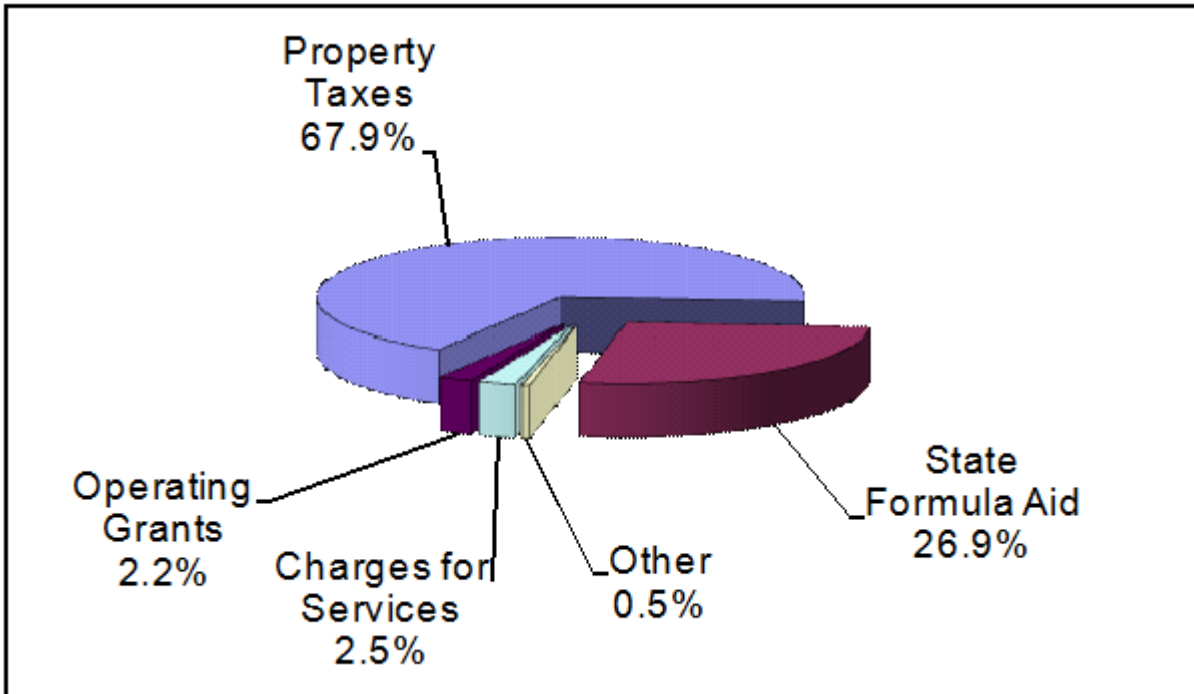
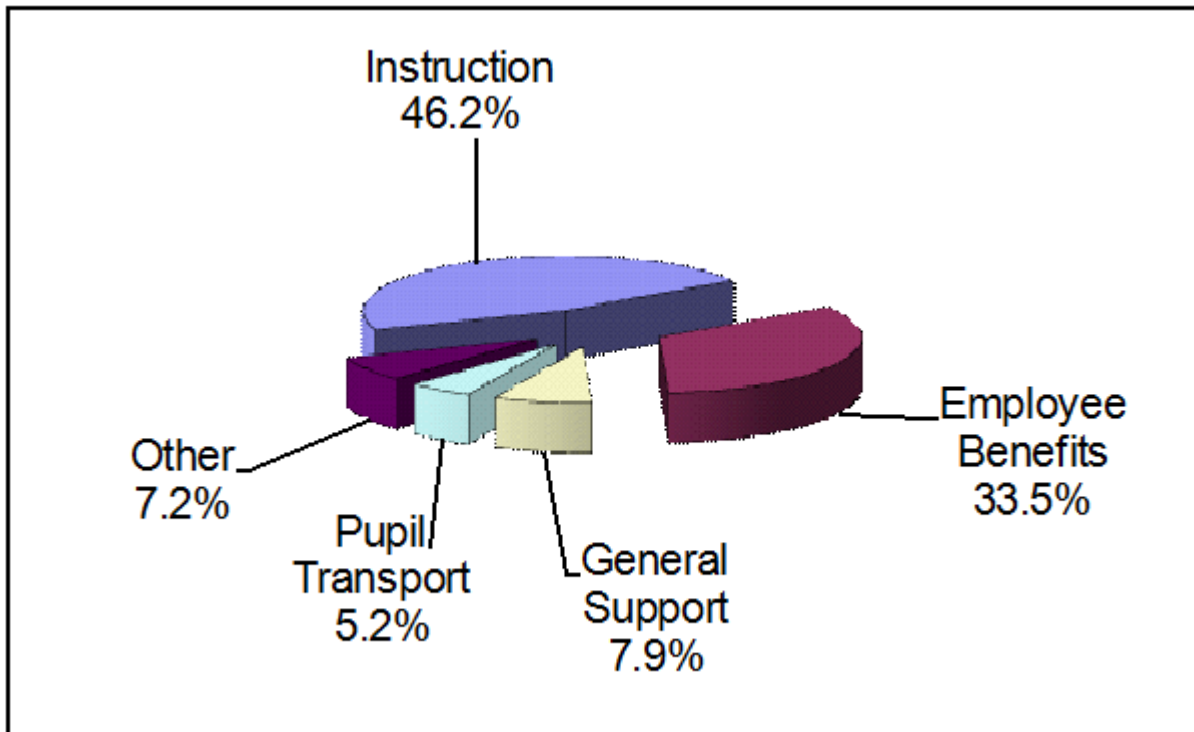


Figure A-6



SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017

GOVERNMENTAL ACTIVITIES

The total net cost of all programs increased \$16.7 million or 10.5%. The increase in overall costs resulted mainly from increases in benefit costs. Compared with total cost of services, the net cost of services reflects the offset of various revenue items, including \$3.8 million in state and federal grants, \$2.4 million in food service sales and surplus food, tuitions, admissions, student charges and rental fees for public use of facilities.

Figure A-7

**Net Cost of Governmental Activities
(in thousands)**

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
General support	\$ 14,242	\$ 14,141	0.7%	\$ 13,836	\$ 13,736	0.7%
Instruction	84,050	81,081	3.7%	79,672	76,878	3.6%
Pupil transportation	9,297	8,741	6.4%	9,297	8,741	6.4%
Employee benefits	60,751	47,278	28.5%	60,751	47,278	28.5%
Interest expense	1,765	1,955	(9.8%)	1,765	1,955	(9.7%)
Other expenses	8	10	(16.8%)	8	10	(16.8%)
School lunch program	3,214	3,267	(1.6%)	(7)	14	(152.5%)
Depreciation -						
- unallocated	8,033	8,200	(2.0%)	8,033	8,200	(2.0%)
Total	<u>\$ 181,360</u>	<u>\$164,673</u>	10.1%	<u>\$ 173,355</u>	<u>\$156,812</u>	10.5%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District completed the year with its governmental funds reporting combined fund balances of \$39.2 million, which is a \$4.4 million increase from 2015-16. The General Fund reported a fund balance of \$32.9 million, or an increase of \$1.8 million over 2015-16. The Non-Major Fund reported a fund balance of \$6.3 million, which is an increase of \$2.5 million from 2015-16. The increase in the Non-Major Fund equity is primarily the result of the reduction of short term debt as the District paid down the balance of Bond Anticipation Notes with savings amounts derived in the 2016-17 budget as well as transferring excess funds from the general fund to purchase buses outright rather than borrowing \$2.1 million.

General Fund Budgetary Highlights

The General Fund ended the year expending 97.55% of the budget and realizing just over 100% of revenues, resulting in an unassigned fund balance of approximately \$6.6 million. This represents 3.9% of the ensuing year's budget which is within the 4% statutory cap.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017*

Expenditures

The cost of programs and services (including encumbrances) was approximately \$3.8 million less than budgeted. This is a direct result of the District's continued strategy to contain costs in a variety of ways that creates the least impact on student programs. The most significant variances are noted below.

- Salaries expended for all employee groups amounted to \$1.3 million less than budgeted. The savings resulted from retirements, resignations, delayed replacement of certain positions when possible and leaves that occur throughout the year offset by substitute costs or replacements by new and lower paid employees starting out at the beginning of the various salary schedules.
- Overall, benefit costs were approximately \$3.9 million less than budgeted. Approximately \$1.2 million of this savings came from health and dental expenditures. The savings were derived from several sources. Premiums were expected to increase from 7% to 11%, depending on the plan. The actual increase average was 6.63%. One bargaining unit agreed to a 1% increase in the employee contributions. Self-funded prescription and dental plans continue to result in contained costs in addition to prescription rebates from the pharmacy benefit manager utilized. In addition, the District's benefits' broker negotiated deeper discount arrangements with the current Pharmacy Benefit Manager through the end of 2017. Retirement and social security costs were under budget by approximately \$2.4 million combined, due to the savings realized in the cost of salaries.
- Utility costs were \$.49 million under budget due to reduced energy usage as a result of the District's energy management system and increased awareness spearheaded by the District's environmental committee.
- Savings from the various areas in the budget provided flexibility in the budget to pay down \$1.6 million in principal on Bond Anticipation Notes borrowed in the short term that will result in capacity to add new long term debt in consideration of future capital projects without negatively impacting the tax levy. In addition, the District was able to reduce long-term bond borrowings by utilizing \$2.1 million of budgetary savings toward the purchase of \$2.2 million of buses approved by the voters in 2017.

Revenues

The District recognized just over 100% of revenue budgeted. The district experienced an increase in state aid of \$.34 million over budgeted amounts.

Special Aid Fund (Federal and State Grants)

The federal and state governments subsidized certain programs with grants and contributions. Funding received from these sources amounted to \$.15 million more than in 2015-16.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017

School Lunch Fund

The fund balance of the School Lunch Fund increased by \$11,230 in 2016-17. This was a result of a decrease in sales of approximately \$20,000 offset by a decrease of expenditures of approximately \$54,000 from 2015-16, primarily due to cost containment measures implemented during the year.

Community Service Fund

The fund balance of the Community Services Fund increased by \$146,000 in 2016-17 as a result of increased community use of facilities as well as increased fees to cover oversight and costs of facilities used by outside user groups.

Business-Type Activities

Enterprise Fund

The District has a Regional Transportation Program which operates on a fee for service basis. This program provides fuel and transportation to local school districts, municipalities and not-for-profit organizations on a cost reimbursement basis.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District has invested \$84.8 million, net of depreciation, in a broad range of assets, including school buildings, furniture and equipment, transportation facility, and administrative offices. Net capital assets decreased approximately \$4.6 million from 2016-17. This is due to the acquisitions of approximately \$5.2 million, \$3.3 million of dispositions and adjustments, and \$6.7 million of depreciation expense net of disposals. Of the additions, \$.59 million is a result of construction in progress as part of a \$16.6 million capital project.

Figure A-8

**Capital Assets (net of depreciation)
(in thousands)**

	Total School District		Percentage Change
	<u>2017</u>	<u>2016</u>	
Land	\$ 913	\$ 913	0.1%
Construction in progress	586	1,850	(68.3%)
Buildings	74,017	78,005	(5.1%)
Equipment and furniture	9,286	8,630	7.6%
Total	<u>\$ 84,802</u>	<u>\$ 89,398</u>	(5.1%)

See the footnotes to the financial statements for more detailed information.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017

Long-Term Debt Account Group

At year-end, the District held \$176.2 million in general obligation bonds and other long term debt outstanding. This represents an increase of approximately \$6.9 million or 4.1% over the prior year. The change is comprised primarily of the following:

- New debt issuances for buses of \$.96 million
- Repayment of general obligation debt of \$8.8 million
- Additional accrual for postemployment benefits of \$15.7 million
- Reduction of \$1.8 million in net pension liability.
- Increase in compensated absences of \$.99 million

Figure A-9

**Outstanding Long-term Debt
(in thousands)**

	Total School District		Percentage Change
	2017	2016	
General obligation bonds and notes (financed with property taxes)	\$ 43,824	\$ 51,703	(15.2%)
Other general obligation debt	120,888	104,361	15.8%
Net pension liability	<u>11,462</u>	<u>13,252</u>	(13.5%)
Total	<u>\$ 176,174</u>	<u>\$ 169,316</u>	4.1%

See the footnotes to the financial statement for more detailed information.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has been contracting with Capital District Regional Planning Commission (CDRPC) each year to prepare enrollment projections as a basis for budget planning. Prior to the 2011-2012 fiscal year, the CDRPC's reports indicated growth over the next 5 years of almost 300 students. The report dated November 2016 projected modest increases in the District's enrollment of only 174 students over the next 5 years, through 2021-22 due to the downturn in the economy and an increase in private full-day kindergarten enrollments. The District currently provides a half-day kindergarten program. However, CDPRC also noted that the recent and ongoing construction and expansion of the Global Foundries Semiconductor Manufacturing Facility in Malta, as well as the supporting industries that are expected to build in the area, will likely drive increases in enrollments into in the future. During the summer of 2007, the District completed construction of a new 550 pupil elementary school and an addition of 11 classrooms to the middle schools to address enrollment growth.

The District also utilizes a Futures Committee to further monitor the growth of the area and its anticipated impact on District enrollment. The Committee continues to meet with officials of the three largest towns in the District as well as other community leaders to project growth in the District and make recommendations to the Board of Education for long-range planning purposes.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2017*

The committee last reported to the Board of Education in January 2012. Their report concluded that growth within the District would continue for the next 15 to 20 years and would result in significant increases in student population. The Committee strongly recommended that the Board of Education take steps to secure land to provide for future growth. In addition, a grant of \$350,000 was set aside for this purpose.

The District has recently subdivided a portion of unused land near the Shatekon facility that has become of interest to the Town of Clifton Park. If an agreement is reached with the town for purchase of this land, a referendum would go to the voters to approve the terms of the sale. The District would use the proceeds of the sale to purchase more suitable land for the purpose of erecting another school building when it becomes necessary to do so.

Voters in the District approved a \$16.6 million capital project plan in May 2016 to address a number of health and safety issues around the District. In addition, the District will renovate the library space at the high school to update the space to accommodate 21st century learners with appropriate technology. The balance of the project will update playground spaces at all elementary schools to meet ADA standards and implement a district-wide signage plan approved by the Board of Education in January 2016.

The District's favorable bond rating from Standard & Poors (AA with a stable outlook) allowed the District to refinance several issues of long term debt over the last few years to take advantage of lower interest rates. Savings derived from refinancing has provided some financial flexibility to obtain voter support for the capital projects that have minimal impact on taxpayers. In addition, the continued funding of the Capital Reserve will further help to offset the cost of future capital projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

The Office of Financial Services
Shenendehowa Central School District
5 Chelsea Place
Clifton Park, New York 12065-3240

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MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Shenendehowa Central School District
at Clifton Park, New York
Clifton Park, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shenendehowa Central School District at Clifton Park (the "District"), as of and for the year ended June 30, 2017 as listed in the table of contents, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of funding progress - other postemployment benefit plans, proportionate share of net pension assets/liabilities and district contributions - pension plans on pages 1-14 and 60-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information on pages 65-70 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 75 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplemental information on pages 65-70 and the schedule of expenditures of federal awards on page 75 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 25, 2017

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF NET POSITION

JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Unrestricted Cash	\$ 19,467,419	\$ 229,664	\$ 19,697,083
Restricted Cash	25,671,658	-	25,671,658
Cash Held with Fiscal Agent	866,700	-	866,700
Accounts Receivable	671,709	5,088	676,797
Due from Business-Type Activities	62,083	-	62,083
Due from Fiduciary Funds	257,896	-	257,896
State and Federal Aid Receivable	3,390,039	-	3,390,039
Due from Other Governments	1,264,634	-	1,264,634
Inventories	120,332	-	120,332
Capital Assets, Net	<u>84,801,521</u>	<u>-</u>	<u>84,801,521</u>
Total Assets	<u>136,573,991</u>	<u>234,752</u>	<u>136,808,743</u>
Deferred Outflows, Pension	46,052,945	-	46,052,945
Total Assets and Deferred Outflows	<u>\$ 182,626,936</u>	<u>\$ 234,752</u>	<u>\$ 182,861,688</u>

LIABILITIES AND DEFERRED INFLOWS

Current Liabilities:			
Accounts Payable	\$ 445,471	\$ -	\$ 445,471
Accrued Liabilities	1,707,414	-	1,707,414
Due to Other Governments	349	-	349
Accrued Interest	327,517	-	327,517
Due to Fiduciary Funds	6,356	-	6,356
Due to Governmental Funds	-	62,083	62,083
Unearned and Prepaid Revenue	958,203	-	958,203
Due to Teachers' Retirement System	7,505,962	-	7,505,962
Due to Employees' Retirement System	1,072,394	-	1,072,394
Long-Term Liabilities - Due and Payable Within One Year			
Bonds	8,704,640	-	8,704,640
Long-Term Liabilities Bonds	35,119,060	-	35,119,060
Compensated Absences	12,317,966	-	12,317,966
Postemployment Benefits	108,126,775	-	108,126,775
Judgments and Claims	443,266	-	443,266
Net Pension Liability	<u>11,461,939</u>	<u>-</u>	<u>11,461,939</u>
Total Liabilities	<u>188,197,312</u>	<u>62,083</u>	<u>188,259,395</u>
Deferred Inflows, Pension	3,476,525	-	3,476,525
Deferred Inflows, Bond Premium	<u>1,521,700</u>	<u>-</u>	<u>1,521,700</u>
Total Liabilities and Deferred Inflows	<u>193,195,537</u>	<u>62,083</u>	<u>193,257,620</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	43,239,649	-	43,239,649
Restricted	24,923,674	-	24,923,674
Unrestricted	<u>(78,731,924)</u>	<u>172,669</u>	<u>(78,559,255)</u>
Total Net Position	<u>(10,568,601)</u>	<u>172,669</u>	<u>(10,395,932)</u>
 Total Liabilities, Deferred Inflows and Net Position	 <u>\$ 182,626,936</u>	 <u>\$ 234,752</u>	 <u>\$ 182,861,688</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
Governmental Activities:						
General Support	\$ 14,242,053	\$ 406,336	\$ -	\$ (13,835,717)	\$ -	\$ (13,835,717)
Instruction	84,049,995	735,700	3,642,637	(79,671,658)	-	(79,671,658)
Pupil Transportation	9,297,265	-	-	(9,297,265)	-	(9,297,265)
Community Service	8,316	-	-	(8,316)	-	(8,316)
Employee Benefits	60,750,917	-	-	(60,750,917)	-	(60,750,917)
Debt Service - Interest	1,765,184	-	-	(1,765,184)	-	(1,765,184)
Depreciation and Loss on Disposal - Unallocated (Includes Direct Expense of Various Functions and Programs)	8,033,072	-	-	(8,033,072)	-	(8,033,072)
School Lunch Program	3,213,501	3,051,756	169,090	7,345	-	7,345
Total Governmental Activities	<u>181,360,303</u>	<u>4,193,792</u>	<u>3,811,727</u>	<u>(173,354,784)</u>	<u>-</u>	<u>(173,354,784)</u>
Business-Type Activities:						
Transportation	62,083	63,540	-	-	1,457	1,457
Total Business-Type Activities	<u>62,083</u>	<u>63,540</u>	<u>-</u>	<u>-</u>	<u>1,457</u>	<u>1,457</u>
Total Primary Government	<u>\$ 181,422,386</u>	<u>\$ 4,257,332</u>	<u>\$ 3,811,727</u>	<u>\$ (173,354,784)</u>	<u>1,457</u>	<u>(173,353,327)</u>
General Revenues						
Real Property Taxes				103,081,997	-	103,081,997
Other Tax Items				13,571,747	-	13,571,747
Use of Money and Property				19,721	-	19,721
Sale of Property and Compensation for Loss				95,558	-	95,558
State Sources				46,300,001	-	46,300,001
Federal Sources				158,420	-	158,420
Miscellaneous				658,475	-	658,475
Total General Revenues				<u>163,885,919</u>	<u>-</u>	<u>163,885,919</u>
Other Financing Uses						
Prior Period Adjustment				(16,988)	-	(16,988)
Change in Net Assets				(9,485,853)	1,457	(9,484,396)
Total Net Assets - Beginning of Year				(1,082,748)	171,212	(911,536)
Total Net Position - End of Year				<u>\$ (10,568,601)</u>	<u>\$ 172,669</u>	<u>\$ (10,395,932)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION TO THE STATEMENT OF NET POSITION
 JUNE 30, 2017

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Unrestricted Cash	\$ 15,564,011	\$ 3,903,408	\$ 19,467,419
Restricted Cash	22,175,080	3,496,578	25,671,658
Accounts Receivable	522,457	149,252	671,709
Due from Other Funds	5,057,635	2,169,474	7,227,109
Due from State and Federal	1,160,103	2,229,936	3,390,039
Due from Other Governments	1,264,634	-	1,264,634
Inventories	-	120,332	120,332
Total Assets	<u>\$ 45,743,920</u>	<u>\$ 12,068,980</u>	<u>\$ 57,812,900</u>
Liabilities:			
Accounts Payable	\$ 420,066	\$ 25,405	\$ 445,471
Accrued Liabilities	1,652,231	55,183	1,707,414
Due to Other Funds	2,175,601	4,737,885	6,913,486
Due to Other Governments	-	349	349
Due to Teachers' Retirement System	7,505,962	-	7,505,962
Due to Employees' Retirement System	1,072,394	-	1,072,394
Prepaid Revenue	-	158,930	158,930
Unearned Revenue	550	798,723	799,273
Total Liabilities	<u>12,826,804</u>	<u>5,776,475</u>	<u>18,603,279</u>
Fund Balance:			
Non-Spendable:			
Inventories	-	120,332	120,332
Restricted for:			
Employee Benefits and Accrued Liabilities	11,000,000	-	11,000,000
Debt	-	2,744,952	2,744,952
Repairs	-	3,642	3,642
Workers' Compensation	1,038,777	-	1,038,777
Retirement Contributions	4,092,256	-	4,092,256
Capital Outlay	3,000,000	-	3,000,000
Tax Certiorari	3,044,047	-	3,044,047
Assigned for:			
General Support	511,115	-	511,115
Instruction	638,220	-	638,220
Pupil Transportation	37,297	-	37,297
Community Service	1,684	20,028	21,712
Employee Benefits	21,700	-	21,700
Capital Outlay	-	2,381,229	2,381,229
Designated for Subsequent Year's Expenditures	2,910,000	-	2,910,000
Unreserved:			
Undesignated	6,622,020	1,022,322	7,644,342
Total Fund Balance	<u>32,917,116</u>	<u>6,292,505</u>	<u>39,209,621</u>
Total Liabilities and Fund Balance	<u>\$ 45,743,920</u>	<u>\$ 12,068,980</u>	<u>\$ 57,812,900</u>

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

Total governmental fund balances per above	\$ 39,209,621
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	84,801,521
Long-term liabilities, including bonds payable, installment purchase debt, judgments and claims and postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(56,584,932)
Bond premiums, not due and payable in the current period and therefore are not reported in the funds full accrual accounting.	(1,521,700)
Cash held with fiscal agent from advanced refunding.	866,700
Interest payable at June 30, 2017 is reported in the District-wide statements under full accrual accounting.	(327,517)
Other postemployment benefit liability is recognized as a liability under full accrual accounting.	(108,126,775)
Net pension assets, net of deferred outflows, inflows and net liability	31,114,481
Net position of governmental activities	<u>\$ (10,568,601)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Real Property Taxes	\$ 103,081,997	\$ -	\$ 103,081,997
Other Tax Items	13,571,747	-	13,571,747
Charges for Services	312,031	830,005	1,142,036
Use of Money and Property	16,991	2,730	19,721
Sale of Property and Compensation for Loss	95,558	-	95,558
State Sources	46,300,001	981,432	47,281,433
Federal Sources	158,420	3,626,380	3,784,800
Sales	-	2,255,671	2,255,671
Miscellaneous	555,912	102,563	658,475
	<u>164,092,657</u>	<u>7,798,781</u>	<u>171,891,438</u>
Total Revenues			
Expenditures:			
General Support	14,232,038	1,343,552	15,575,590
Instruction	79,710,810	4,339,185	84,049,995
Pupil Transportation	9,155,930	141,335	9,297,265
Community Services	8,316	-	8,316
Employee Benefits	43,246,680	947,534	44,194,214
Debt Service			
Principal	-	8,838,365	8,838,365
Interest	16,075	1,824,495	1,840,570
Cost of Sales	-	1,341,245	1,341,245
Capital Outlay	-	3,299,885	3,299,885
	<u>146,369,849</u>	<u>22,075,596</u>	<u>168,445,445</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>17,722,808</u>	<u>(14,276,815)</u>	<u>3,445,993</u>
Other Financing Sources (Uses):			
Proceeds from Serial Bonds	-	958,700	958,700
Operating Transfers In	-	15,874,339	15,874,339
Operating Transfers Out	<u>(15,856,420)</u>	<u>(17,919)</u>	<u>(15,874,339)</u>
	<u>(15,856,420)</u>	<u>16,815,120</u>	<u>958,700</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	1,866,388	2,538,305	4,404,693
Fund Balance - Beginning of Year	31,067,716	3,754,200	34,821,916
Adjustment to Beginning Balance	<u>(16,988)</u>	<u>-</u>	<u>(16,988)</u>
Fund Balance - End of Year	<u>\$ 32,917,116</u>	<u>\$ 6,292,505</u>	<u>\$ 39,209,621</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017*

Net changes in fund balance - total governmental funds.	\$ 4,404,693
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net assets.	3,313,821
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(8,033,072)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net assets.	8,838,365
Net gain on disposal of property, plant and equipment is not recognized in the governmental funds. However, for governmental activities, the net book value of the assets disposed of is reduced by the proceeds received.	123,000
Interest is recognized as an expense in governmental funds when paid. For governmental activities interest expense is recognized as it accrues. The decrease in accrued interest during the 2016-2017 year results in less expense.	75,386
Proceeds of serial bond principal is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position assets.	(958,700)
Beginning of year net asset restatement.	(16,988)
Certain other postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	(15,723,281)
Changes in compensated absences and judgments and claims are not reflected in governmental funds but are reflected in the statement of activities under full accrual accounting.	(804,098)
Changes in net pension costs are not reflected in governmental funds but are reflected in the statement of activities under full accrual accounting.	<u>(704,979)</u>
Change in net position - governmental activities	<u>\$ (9,485,853)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2017

ASSETS

Current Assets

Unrestricted Cash	\$ 229,664
Other Receivables, net	<u>5,088</u>
Total Assets	<u>\$ 234,752</u>

LIABILITIES

Current Liabilities

Due from Governmental Funds	\$ 62,083
-----------------------------	-----------

NET ASSETS

Unrestricted	<u>172,669</u>
Total	<u>\$ 234,752</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2017

REVENUES

Charges for Services \$ 63,540

Total Revenues 63,540

EXPENSES

Salaries, Wages, and Fringe Benefits 12,535

Materials and Supplies 49,548

Total Expenses 62,083

NET INCOME

1,457

Net Position - Beginning of Year 171,212

Net Position - End of Year \$ 172,669

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 64,879
Cash Payments to/from Other Funds	<u>(60,924)</u>
Net Cash Provided by Operating Activities	<u>3,955</u>

Net Increase in Cash 3,955

Unrestricted Cash - Beginning of Year 225,709

Unrestricted Cash - End of Year \$ 229,664

**RECONCILIATION OF NET INCOME FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Income from Operations \$ 1,457

Adjustments to Reconcile Net Income from Operations
to Net Cash Provided by Operating Activities:

Decrease in Accounts Receivable	1,339
Increase in Interfund Payables	<u>1,159</u>

Net Cash Provided by Operating Activities \$ 3,955

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
STATEMENT OF NET POSITION AND STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 JUNE 30, 2017

	<u>Agency</u>	<u>Private-Purpose Trusts</u>
ASSETS		
Cash - Unrestricted	\$ 960,421	\$ -
Cash - Restricted	537,402	392,539
Investments - Restricted	-	23,627
Due from Other Funds	<u>13,981</u>	<u>-</u>
Total Assets	<u>\$ 1,511,804</u>	<u>\$ 416,166</u>
LIABILITIES		
Extraclassroom Activity Balances	\$ 541,748	\$ -
Due to Other Funds	257,896	7,625
Other Liabilities	<u>712,160</u>	<u>-</u>
Total Liabilities	<u>\$ 1,511,804</u>	<u>7,625</u>
NET POSITION		
Restricted for Scholarships		<u>\$ 408,541</u>

		<u>Private-Purpose Trusts</u>
ADDITIONS		
Gifts and Contributions		\$ 101,177
Investment Earnings		<u>91</u>
Total Additions		101,268
DEDUCTIONS		
Scholarships and Awards		<u>31,257</u>
Change in Net Position		70,011
Net Position - Beginning of Year		<u>338,530</u>
Net Position - End of Year		<u>\$ 408,541</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Shenendehowa Central School District at Clifton Park (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 significant accounting principles and policies used by the District are described below:

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 61, The Financial Reporting Entity, an amendment to GASB Statements 14 and 39. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief view of an entity included in the District’s reporting entity as a component unit:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at pages 78 through 85 of this document. The Extraclassroom Activity Funds are also reported in the District’s agency funds.

B. Joint Venture

The Shenendehowa Central School District at Clifton Park is one of 24 component school districts in the Capital Region Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (Continued)

A BOCES budget is comprised of separate budgets for administrative, programs and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school districts enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

BOCES charges districts for program costs based on participation and for administrative costs. During the year ended June 30, 2017, the District was billed \$5.4 million for BOCES administrative and program costs. In the same period, the District reported \$2.4 million in State Aid. Financial statements for Albany-Schoharie-Schenectady-Saratoga BOCES are available from the BOCES administrative office at 700 Watervliet-Shaker Road, Albany, NY 12205.

C. Basis of Presentation

District-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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 fund financial statements is on major governmental funds, each displayed in a separate column.

I. Governmental Fund Types

The District reports the following major governmental fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. *Basis of Presentation (Continued)*

Fund financial statements (Continued)

I. *Governmental Fund Types (Continued)*

All remaining governmental funds are aggregated and reported as non-major funds:

Capital Projects Fund: The capital projects fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of various District facilities or equipment.

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

a. Special Aid Fund

Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

b. School Lunch Fund

Used to account for transactions of the District lunch and breakfast programs.

c. Community Service Fund

Used to account for the funds and transactions of the District's community education programs and facility use by outside users. The community education program fees charged to program participants are restricted for use by the program. The District's fee structure for both programs is designed to recover only the incremental costs of the programs.

Debt Service Fund: This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

II. *Proprietary Fund Types*

Proprietary funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The economic resources measurement focus is used in the determination of net income, financial position and changes in cash flows. The following proprietary fund is utilized:

Enterprise Fund

Regional Transportation Fund - Used to account for the cost of services rendered which are financed through charges to those purchasing the services. Services, which are provided mainly to other school districts and municipalities, include the sale of fuel and field trips. Costs recovered are direct costs, incremental costs and certain indirect costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

III. Fiduciary Fund Types

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

D. Basis of Accounting/Measurement Focus

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

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

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

E. Unearned Revenue

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deferred Outflows and Inflows of Resources (Continued)

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

In addition to liabilities, the statement of net position will sometimes report a separation section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflows of resources (revenue) until that time. There are generally three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions.

G. Property Tax

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, 2016 and became a lien in November 2016. Taxes were collected during the period September 1, 2016, to November 1, 2016.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Saratoga in which the District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County of Saratoga to the District no later than the forthcoming April 1.

H. Cash and Investments

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments (Continued)

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. Investments are stated at fair value. Certificates of deposit are classified as investments in these financial statements.

I. Accounts Receivable

Accounts receivable are shown as gross with uncollectible amounts recognized using the direct write-off method. No allowance for uncollectible accounts has been provided since it is estimated that such allowance would not be material.

J. Inventory

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

K. Interfund Transactions

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

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

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

Refer to Note 4.A.II. for a detailed disclosure by fund to interfund receivables, payables, expenditures and revenues activity.

L. Short-term Debt

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and long-term obligations

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

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

N. Equity Classifications

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

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

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

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

Fund statements: The District implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund at June 30, 2017.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the District Board. The District has no committed fund balances as of June 30, 2017.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the District or designated by the District Board for ensuing year's budget.

The Administration's accounting software utilizes encumbrance-based accounting. As of June 30, 2017 there was a cumulative \$3,593,273 in non-restricted encumbrances of which \$1,210,016 and \$2,401,257 are General Fund and Non-major Fund Assigned Fund Balance, respectively.

Assigned for Subsequent Year's Expenditures - Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Reserves of unassigned fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

NYS Real Property Tax Law 1318 restricts the unreserved fund balance of the general fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

Fund balance restrictions are created to satisfy legal restrictions or plan for future expenditures. The following restricted funds are available to school districts within the State of New York. These restricted funds are established through Board action or voter approval and a separate identity must be maintained for each restriction. Earnings on the invested resources become part of the respective restricted funds; however, separate bank accounts are not necessary for each restricted fund. The following is a description of the restrictions utilized by the District.

I. Workers' Compensation Reserve

Authorized by General Municipal Law §6-j, the District is self-insured for workers' compensation on a cost-reimbursement basis. This reserve is accounted for in the General Fund.

II. Reserve for Debt

Authorized by with General Municipal Law §6-l, this reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

III. Reserve for Tax Certiorari

Authorized by Education Law §3651.1-a, this reserve is used to establish a reserve fund for tax certioraris and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund.

IV. Reserve for Repairs

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

V. Reserve for Retirement Contributions

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

VI. Employee Benefit Accrued Liability Reserve

Authorized by General Municipal Law §6-p, the Employee Benefit Accrued Liability Reserve is used to pay for any accrued employee benefit due an employee on termination of the employee's service. The reserve is created by resolution of the Board of Education. The reserve is accounted for in the General Fund.

O. Postemployment Benefits

In addition to providing the retirement benefits described in Note 4.BI., the District provides postemployment health and drug insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups. Substantially, all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently 695 retirees meet the health insurance eligibility requirements. The District pays, depending on the applicable contract, up to 91% of the cost of premiums to an insurance company which provides health care and drug insurance. The District recognizes the cost of providing benefits for fiscal year 2017 by recording \$3,368,934, its share of health and drug insurance premiums for currently enrolled retirees, as an expenditure in fiscal year 2017. See Note 4 BII for additional information on the implementation of GASB Statement 45 in the District-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Vested Employee Benefits

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

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

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

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

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

Q. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2003. For assets acquired prior to June 30, 2003, estimated historical costs were used based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 500	Straight Line	50 years
Building Improvements	\$ 500	Straight Line	20 years
Site Improvements	\$ 500	Straight Line	20 years
Furniture and Equipment	\$ 500	Straight Line	5-20 years

R. Self-Insured Workers' Compensation, Dental and Prescription Drug Insurance Plans

I. Workers' Compensation Plan

The District is self-insured for workers' compensation benefits on a cost-reimbursement basis. Under the program, the District is responsible for claim payments. The Workers' Compensation Reserve restricted for future claim payments at June 30, 2017, was \$1,038,777.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Self-Insured Workers' Compensation, Dental and Prescription Drug Insurance Plans (Continued)

II. Dental and Prescription Drug Insurance Plans

The District provides self-insured dental and prescription drug insurance benefit plans for its active employees and requires employees to contribute towards its cost. There is no provision in state law to have dental or prescription drug insurance reserves.

III. Method of Calculating Expense of the Plans

All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2017, have been recorded as accounts payable in the General Fund.

The District establishes dental and prescription drug insurance claim liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year. The length of time claims may be submitted is limited to ninety days after year end.

The District establishes workers compensation claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience.

Adjustments to claim liabilities are charged or credited to the liability in the periods in which they are made.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Self-Insured Workers' Compensation, Dental and Prescription Drug Insurance Plans (Continued)

III. Method of Calculating Expense of the Plans (Continued)

As discussed above, the District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the District during the past two years:

	2017			2016		
	Workers' Comp	Dental	Prescription Drug	Workers' Comp	Dental	Prescription Drug
Unpaid claims and claim adjustment expenses at beginning of year	\$ 1,762,897	\$ 62,300	\$ -	\$ 2,141,836	\$ 60,200	\$ -
Included claims and claim adjustment expenses:						
Provision for incurred claims expense for events of the current year	408,717	1,052,522	6,916,305	147,317	927,801	5,780,756
Increase (decrease) in provision for incurred events of prior years	<u>29,544</u>	<u>(9,680)</u>	<u>43,883</u>	<u>28,703</u>	<u>49,708</u>	<u>-</u>
Total incurred claims and claim adjustment expenses	<u>438,261</u>	<u>1,042,842</u>	<u>6,960,188</u>	<u>176,020</u>	<u>977,509</u>	<u>5,780,756</u>
Payments made for claims during the current year	<u>(566,870)</u>	<u>(1,060,942)</u>	<u>(6,916,305)</u>	<u>(554,959)</u>	<u>(975,409)</u>	<u>(5,780,756)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 1,634,288</u>	<u>\$ 44,200</u>	<u>\$ 43,883</u>	<u>\$ 1,762,897</u>	<u>\$ 62,300</u>	<u>\$ -</u>

S. Estimates

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

T. Restricted Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. New Accounting Standards

The District has adopted and implemented Statement of the Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, effective for the year ended June 30, 2017. See note 5E for the implementation of this statement.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for OPEB plans.

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

W. Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through September 25, 2017, the date the financial statements were available to be issued. No such events or transactions were identified.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

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

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

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

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

i) Long-term revenue and expense differences

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

ii) Capital related differences

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

iii) Long-term debt transaction differences

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

The costs of building and acquiring capital assets (land, buildings and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 223,132,637
Accumulated depreciation	<u>138,331,116</u>
Capital assets, net	<u>\$ 84,801,521</u>
Deferred outflows of resources, pensions	<u>\$ 46,052,945</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds payable	\$ 43,823,700
Bond premiums	\$ 1,521,700
Compensated absences payable	\$ 12,317,966
Postemployment benefits payable	\$ 108,126,775
Workers' compensation liability	\$ 443,266
Deferred inflows of resources, pensions	\$ 3,476,525
Net pension liability	\$ 11,461,939

In the Statement of Activities, certain operating expenses (compensated absences and post-retirement benefits) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, post-retirement contributions made of \$3,368,934 were less than the amounts incurred of \$19,092,215. Also, compensated absences (vacations used) were less than the amounts incurred by \$991,419, while workers' compensation costs paid were less than the amounts incurred by \$187,321.

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$8,033,072 and the net loss on assets disposals of \$2,208 were more than capital expenditures of \$3,313,821 in the current year.

Pension expense under GASB 68 results in an expense of \$704,979 in the Statement of Activities.

Repayments of bond principal of \$8,838,365 are an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. In addition, \$958,700 in proceeds of bonding are revenue in the governmental funds but are reflected as liabilities under full accrual accounting.

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The lower interest reported in the Statement of Activities is the result of accrued interest on bonds payable decreasing by \$75,386.

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Balances

Capital Projects Funds

The following capital project fund has a deficit fund balance as noted due to expending funds prior to obtaining permanent financing for the capital projects:

- a. \$16M Project - \$624,196

B. Budgetary Data

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the general fund.
- b. The proposed appropriation budget for the general fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need which exists which was not determined at the time the budget was adopted.
- e. Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The District is not required to formally adopt annual budgets for its special revenue funds or debt service fund. Accordingly, although the school lunch fund, community services fund and the debt service fund do have a management approved budget and each special aid fund project follows an approved project budget, no statement of budget and actual revenues and expenditures is presented for the special revenue funds or the debt service fund.

II. Encumbrances

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

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

1. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. Total bank balances at June 30, 2017 were \$49,428,751. The bank balance is fully insured by the FDIC or FSLIC, or collateralized by securities held by a third party in the District's name.

2. Investments

Investments are stated at fair value and are categorized as either (1) insured or registered, or investments held by the District or the District's agent in the District's name, (2) uninsured and unregistered, with the investments held by the financial institution's trust department in the District's name, (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the District's name.

<u>Fund</u>	<u>Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
Private Purpose Trusts	\$ <u>23,627</u>	Certificates of Deposit	(1)

3. Restricted Cash

General Fund

Restricted cash at June 30, 2017, consists of \$3,044,047 restricted for tax certiorari claims, \$1,038,777 restricted for workers' compensation insurance, \$4,092,256 for retirement contributions, \$11,000,000 for employee benefits accrued liability reserve and \$3,000,000 for capital outlay.

Debt Service

Restricted cash at June 30, 2017, consists of \$3,492,922 restricted for debt service.

Capital Projects

Restricted cash at June 30, 2017, consists of \$3,656 restricted for capital project expenditures.

Fiduciary

Restricted cash and investments at June 30, 2017, consists of \$537,402 restricted for extraclassroom activity funds and \$416,166 restricted for scholarships.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

II. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made.

Interfund receivable and payable balances at June 30, 2017, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 5,057,635	\$ 2,175,601	\$ -	\$ 15,856,420
Special Aid Fund	27,529	2,325,133	474,945	-
School Lunch Fund	241	97,523	-	-
Debt Service Fund	229	748,199	10,992,919	-
Capital Funds	<u>2,141,475</u>	<u>1,567,030</u>	<u>4,406,475</u>	<u>17,919</u>
Total Governmental Activities	7,227,109	6,913,486	15,874,339	15,874,339
Fiduciary Funds	13,981	265,521	-	-
Enterprise Fund	<u>-</u>	<u>62,083</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,241,090</u>	<u>\$ 7,241,090</u>	<u>\$ 15,874,339</u>	<u>\$ 15,874,339</u>

III. Accounts Receivable

Accounts receivable at June 30, 2017, consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Tuition and miscellaneous	\$ 522,457
Community Service	Use of facilities fees	142,092
School Lunch	Miscellaneous	<u>7,160</u>
		<u>\$ 671,709</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

IV. Capital Assets

Capital asset activity for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Prior Year Adjustments</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets that are not depreciated:					
Land	\$ 913,494	\$ -	\$ -	\$ -	\$ 913,494
Construction in process	<u>1,849,470</u>	<u>-</u>	<u>585,603</u>	<u>(1,849,471)</u>	<u>585,602</u>
Total nondepreciable capital assets	<u>2,762,964</u>	<u>-</u>	<u>585,603</u>	<u>(1,849,471)</u>	<u>1,499,096</u>
Capital assets that are depreciated:					
Buildings	187,537,307	(6,148)	2,086,107	-	189,617,266
Furniture and equipment	<u>30,715,135</u>	<u>235,704</u>	<u>2,491,582</u>	<u>(1,426,146)</u>	<u>32,016,275</u>
Total depreciable historical cost	<u>218,252,442</u>	<u>229,556</u>	<u>4,577,689</u>	<u>(1,426,146)</u>	<u>221,633,541</u>
Less accumulated depreciation:					
Buildings	109,532,772	-	6,068,186	-	115,600,958
Furniture and equipment	<u>22,084,862</u>	<u>106,555</u>	<u>1,962,679</u>	<u>(1,423,938)</u>	<u>22,730,158</u>
Total accumulated depreciation	<u>131,617,634</u>	<u>106,555</u>	<u>8,030,865</u>	<u>(1,423,938)</u>	<u>138,331,116</u>
Total depreciable capital assets, net	<u>86,634,808</u>	<u>123,001</u>	<u>(3,453,176)</u>	<u>(2,208)</u>	<u>83,302,425</u>
Total capital assets, net	<u>\$ 89,397,772</u>	<u>\$ 123,001</u>	<u>\$(2,867,573)</u>	<u>\$(1,851,679)</u>	<u>\$ 84,801,521</u>

B. Liabilities

I. Pension Plans

Plan Description

General Information

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

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Provisions and Administration

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

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Alfred E. Smith State Office Building, Albany, NY 12244, or by referring to www.osc.state.ny.us/retire/publications/index.php.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Funding Policies (Continued)

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>TRS</u>
2016-2017	\$ 3,209,327	\$ 6,992,117
2015-2016	\$ 3,733,203	\$ 7,562,164
2014-2015	\$ 4,247,591	\$ 9,895,705

The District contributions made to the System were equal to 100% of the contributions required by each year.

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

At June 30, 2017, the District reported a net pension liability of \$4,119,957 (TRS) and a net pension liability of \$7,341,982 (ERS) for its proportionate share of the net pension liability. The net pension liability (TRS) was measured as of June 30, 2016, and the net pension liability (ERS) was measured as of March 31, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2016	March 31, 2017
District's proportionate share of the net pension liability	\$ 4,119,957	\$ 7,341,982
District's portion of the Plan's total net pension liability	.384668%	.0781376%

For the year ended June 30, 2017, the District recognized pension expense of \$6,676,114 for TRS and \$4,479,622 for ERS.

At June 30, 2017, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 183,983	\$ 183,983
Changes of Assumptions	23,469,897	2,508,290	25,978,187
Net difference between projected and actual earnings on pension plan investments	9,263,829	1,466,491	10,730,320
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	917,863	917,863
Contributions subsequent to the measurement date	<u>7,170,198</u>	<u>1,072,394</u>	<u>8,242,592</u>
	<u>\$ 39,903,924</u>	<u>\$ 6,149,021</u>	<u>\$ 46,052,945</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

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

At June 30, 2017, the District reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,338,393	\$ 1,114,922	\$ 2,453,315
Changes in proportion and differences between employer contributions and proportionate share of contributions	871,869	151,341	1,023,210
	<u>\$ 2,210,262</u>	<u>\$ 1,266,263</u>	<u>\$ 3,476,525</u>

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

June 30, 2018	\$ 12,633,080
June 30, 2019	4,390,487
June 30, 2020	11,327,477
June 30, 2021	6,759,895
June 30, 2022	3,448,538
Thereafter	4,016,943
	<u>\$ 42,576,420</u>

Covered Payroll

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 61,567,175</u>	<u>\$ 25,686,921</u>

Actuarial Assumptions

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

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Actuarial Assumptions (Continued)

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2017	March 31, 2017
Actuarial valuation date	June 30, 2016	April 1, 2016
Interest rate	7.5%	7.0%
Salary scale	1.5%	3.8-4.5%
Decrement tables	July 1, 2009 - June 30, 2014	April 1, 2010 - March 31, 2015
	System's Experience	System's Experience
Inflation rate	2.5%	2.5%

For TRS, annuitant mortality rates are based on July 1, 2005 - June 30, 2010 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2016	March 31, 2017
Asset type		
Domestic equity	6.1%	4.55%
International equity	7.3%	10.35%
Real estate	5.4%	5.80%
Domestic fixed income securities	1.0%	-
Global fixed income securities	0.8%	-
Mortgages	3.1%	-
Short-term	0.1%	-
Absolute Return Strategies	-	4.00%
Opportunistic Portfolios	-	5.89%
Real Assets	-	5.54%
Bonds and Mortgages	-	1.31%
Inflation - Indexed Bonds	-	1.50%

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% for TRS and 7% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutory required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.5% for TRS and 7% for ERS, as well as what the District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
<u>TRS</u>			
Employer's proportionate share of the net pension liability (asset)	\$ 53,754,201	\$ 4,119,957	\$ (37,510,645)
<u>ERS</u>			
Employer's proportionate share of the net pension liability (asset)	\$ 23,448,836	\$ 7,341,982	\$ (6,276,333)

Pension Plan Fiduciary Net Position

The components of the net pension liability of the employers as of the respective measurement dates, were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Measurement Date	June 30, 2016	March 31, 2017
Employers' total pension liability	\$ 108,577,184	\$ 177,400,586
Fiduciary net position	<u>107,506,142</u>	<u>168,004,363</u>
Employers' net pension liability	\$ <u>1,071,042</u>	\$ <u>9,396,223</u>
Ratio of fiduciary net position to the employers' total pension liability	<u>99.01%</u>	<u>94.7%</u>

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Pension Plan Fiduciary Net Position (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued and employee withheld retirement contributions as of June 30, 2017 amounted to \$7,505,962.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$1,072,394 of employer contributions. Employee contributions are remitted monthly.

II. Other Postemployment Benefits

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The District has implemented GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This required the District to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund level financial statements as payments are made. For the year ended June 30, 2017, the District recognized \$3,368,934 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2016 which indicates that the total liability for other postemployment benefits is \$108,126,775, which is reflected in the Statement of Net Position.

Funding Policy: The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund the annual other postemployment benefit (OPEB), other than "pay as you go."

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation: The District's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 17,932,975
Interest on net OPEB obligation	4,620,175
Adjustment to annual required contribution (ARC)	<u>(3,460,935)</u>
Annual OPEB cost (expense)	19,092,215
Contributions made including implicit subsidy	<u>(3,368,934)</u>
Increase in net OPEB obligations	15,723,281
Net OPEB obligation - beginning of year	<u>92,403,494</u>
 Net OPEB obligation - end of year	 <u>\$ 108,126,775</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years is as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/17	\$ 19,092,215	17.6%	\$ 108,126,775
6/30/16	\$ 17,060,895	19.1%	\$ 92,403,494
6/30/15	\$ 16,002,716	19.0%	\$ 78,601,339

Funded Status and Funding Progress: As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$189,653,952, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$189,653,952. The covered payroll (annual payroll of active employees covered by the plan) was \$83,053,219, and the ratio of the UAAL to the covered payroll was 228.4%. Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Postemployment Benefits (Continued)

In the July 1, 2016 actuarial valuation, the Getzen Model was used. The actuarial assumptions included a 5% investment rate of return and an annual healthcare cost trend rate of 5.6% trending to 3.94% , which was calculated based upon the Getzen Model. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 21 years.

The schedule of funding process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

III. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes are classified as part of the Capital Projects Fund.

State law requires that bond anticipation notes issued for capital purposes either be converted to long-term financing or paid in full within five years after the original issue date. The District did not borrow any bond anticipation notes during the year ended June 30, 2017.

Transactions in short term debt for the year ended June 30, 2017 are as follows:

	Stated Interest Rate	Balance July 1, 2016	Issued	Redeemed	Balance June 30, 2017	Maturity
BAN	\$ 1.03%	\$ 1,565,000	\$ -	\$ 1,565,000	\$ -	\$ 6/23/17

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

1. Short-Term Debt (Continued)

Interest on short-term debt in the District-wide financial statements for the year was composed of:

Interest paid in governmental funds	<u>\$ 16,075</u>
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2. Long-Term Debt

a. Serial Bonds

The District borrows money in order to acquire or construct buildings, improvements and buses. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District.

During the current year, the District recognized \$1,824,495 of expenditures in the fund financial statements for long-term debt interest on serial bonds.

Interest on long-term debt in the District-wide financial statements for the year was composed of:

Interest paid	\$ 1,824,495
Less interest accrued in the prior year	(402,903)
Plus interest accrued in the current year	<u>327,517</u>
Total expense	<u>\$ 1,749,109</u>

b. Other Long-Term Obligations

In addition to the above long-term debt, the District has the following noncurrent liabilities:

Compensated Absences - Represents the value of earned and unused portion of the liability for employees' vacation and sick pay.

Workers' Compensation Liability - Represents the unbilled and noncurrent portion of workers' compensation claims to be paid in future years.

Other Postemployment Benefits - Represents the actuarial valuation of the District's accrued liability for postemployment health insurance coverage provided to retirees in accordance with the provisions of various employment contracts.

Net Pension Liability - Represents the District's proportionate share of the TRS and ERS liabilities.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

3. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

3. Changes

The changes in indebtedness during the year ended June 30, 2017 are summarized as follows:

	Balance			Balance
	July 1	Additions	Deletions	June 30
Serial Bonds	\$ 51,703,365	\$ 958,700	\$ 8,838,365	\$ 43,823,700
Compensated Absences	11,326,547	991,419	-	12,317,966
Workers' Compensation Liability	630,963	-	187,697	443,266
Other Postemployment Benefits	92,403,494	19,092,215	3,368,934	108,126,775
Net Pension Liability	13,252,122	11,155,736	12,945,919	11,461,939
Total	<u>\$ 169,316,491</u>	<u>\$ 32,198,070</u>	<u>\$ 25,340,915</u>	<u>\$ 176,173,646</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

4. Maturity

The following is a summary of indebtedness:

Description of Issue	Original Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2017
Bonds:				
Shatekon	2007	2017	2.00%	\$ 7,860,000
Middle School , Shatekon and Transportation	2009	2027	3.09%	5,200,000
Buses (7/29/11)	2011	2016	4.00%	8,490,000
HSE, HSW and DO Refunding B	2011	2024	2.81%	510,000
HSE, HSW and DO Refunding A	2011	2022	4.33%	3,650,000
Shenet, Science Rooms	2012	2021	2.94%	415,000
Buses (8/8/12)	2012	2017	4.13%	1,155,000
Series E Refunding	2012	2019	3.08%	770,000
Buses (8/7/13) - 2013 Issue Date	2013	2018	3.00%	1,140,000
Buses DTC	2014	2019	2.00%	810,000
Refunding \$8.8M/Skano-Tesago Roof	2015	2021	2.99%	2,960,000
Refunding of Shatekon	2015	2027	4.28%	9,905,000
Buses DTC	2016	2020	1.70%	958,700
Total Bonds				<u>\$ 43,823,700</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

4. Maturity (Continued)

The following is a summary of the maturity of debt service requirements for bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-2018	\$ 8,693,700	\$ 1,584,603	\$ 10,278,303
2018-2019	7,695,000	1,336,554	9,031,554
2019-2020	6,910,000	1,072,371	7,982,371
2020-2021	4,985,000	829,334	5,814,334
2021-2022	4,595,000	637,078	5,232,078
2023-2027	9,725,000	1,160,350	10,885,350
2028-2030	1,220,000	-	1,220,000
Total	<u>\$ 43,823,700</u>	<u>\$ 6,620,290</u>	<u>\$ 50,443,990</u>

5. Constitutional Debt Limit

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the District. The District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2017, the District has exhausted 6.68% of its limit.

5. COMMITMENTS AND CONTINGENCIES

A. Lease Commitments and Leased Assets

The District leases warehouse space under two operating leases and equipment from BOCES. The maximum future non-cancelable operating lease payments are as follows:

Year Ending June 30,

2017	\$ 767,019
2018	\$ 699,633
2019	\$ 609,073
2020	\$ 490,886
2021	\$ 32,181

Rent expense under the terms of these leases for the year ended June 30, 2017 amounted to approximately \$767,019.

B. Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, District management believes such disallowances, if any, would not be material.

5. COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Litigation

The District is party to various legal proceedings and other claims incidental to the ordinary course of its operations. The District is also regularly involved with certiorari actions brought by real property owners to have their assessments reduced. Liabilities, if any, are recorded when they become fixed or determinable in amount.

D. Collective Bargaining Units

Shenendehowa Central School District at Clifton Park employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
School Alliance of Substitutes in Education	June 30, 2017
CSEA, Local 1000, AFSCME, AFL - CIO	June 30, 2016
Shenendehowa Administrators' Association	June 30, 2017
Shenendehowa Teachers' Association	June 30, 2018
Shenendehowa United Supervisors' Association	June 30, 2018

E. Payments in Lieu of Taxes

The County of Saratoga enters into payment in lieu of taxes ("PILOTS") agreements with some local businesses for the purpose of economic development. For the year ended June 30, 2017, the District recognized \$476,541 in PILOT revenue. Abated property taxes amounted to \$893,073 under this program.

F. Defeased Bonds

During the year ended June 30, 2016, the District issued general obligation bonds to advance refund \$10,615,000 of outstanding general obligation bonds. A portion of the proceeds from this issuance was used to purchase United States government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on those bonds. As a result the original bonds are considered to be defeased and the liability for those bonds are not included in the District's financial statements. As of June 30, 2017 the balance on those bonds was paid in full by the escrow agent.

6. ADDITIONAL DISCLOSURES

A. Unreserved Fund Balance Designated for Subsequent Years Expenditures

This amount is broken out as follows:

Appropriated fund balance used for levy of taxes, including appropriated reserves	<u>\$ 2,910,000</u>
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SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

6. ADDITIONAL DISCLOSURES (CONTINUED)

B. Restricted Fund Balances

Restricted fund balances consist of the following:

Employee Benefits Accrued Liability	\$ 11,000,000
Debt	2,744,952
Repairs	3,642
Workers' Compensation	1,038,777
Retirement Contributions	4,092,256
Capital Outlay	3,000,000
Tax Certiorari	3,044,047
	<u>\$ 24,923,674</u>

REQUIRED SUPPLEMENTARY INFORMATION

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES COMPARED TO BUDGET - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Adopted Budget</u>	<u>Prior Year Encumbrances</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Over (Under) Revised Budget</u>
Revenues						
Local Sources						
Real Property Taxes	\$ 103,092,559	\$ -	\$ 103,092,559	\$ 103,092,559	\$ 103,081,997	\$ (10,562)
Other Tax Items	13,597,094	-	13,597,094	13,597,094	13,571,747	(25,347)
Charges for Services	237,500	-	237,500	237,500	312,031	74,531
Use of Money and Property	13,500	-	13,500	13,500	16,991	3,491
Sale of Property and Compensation for Loss	41,000	-	41,000	41,000	95,558	54,558
Miscellaneous	<u>371,200</u>	<u>-</u>	<u>371,200</u>	<u>371,200</u>	<u>555,912</u>	<u>184,712</u>
Total Local Sources	117,352,853	-	117,352,853	117,352,853	117,634,236	281,383
State Sources	45,960,827	-	45,960,827	45,960,827	46,300,001	339,174
Federal Sources	<u>85,000</u>	<u>-</u>	<u>85,000</u>	<u>85,000</u>	<u>158,420</u>	<u>73,420</u>
Total Revenues	163,398,680	-	163,398,680	163,398,680	164,092,657	693,977
Other Financing Resources						
Appropriated Reserves	1,410,000	-	1,410,000	1,423,134	-	(1,423,134)
Appropriated Fund Balance	<u>1,500,000</u>	<u>880,174</u>	<u>2,380,174</u>	<u>2,380,174</u>	<u>-</u>	<u>(2,380,174)</u>
Total Revenues and Other Financing Sources	<u>\$ 166,308,680</u>	<u>\$ 880,174</u>	<u>\$ 167,188,854</u>	<u>\$ 167,201,988</u>	<u>\$ 164,092,657</u>	<u>\$ (3,109,331)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES COMPARED TO BUDGET - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Adopted Budget</u>	<u>Prior Year Encumbrances</u>	<u>Adjusted Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Revised Budget Variance with Actual and Encumbrances</u>
EXPENDITURES							
General Support:							
Board of Education	\$ 54,737	\$ -	\$ 54,737	\$ 56,778	\$ 42,795	\$ 2,499	\$ 11,484
Central Administration	422,542	-	422,542	424,494	422,391	- 440	1,663
Finance	1,141,538	44,176	1,185,714	1,117,018	1,059,527	582	56,909
Staff	861,045	4,600	865,645	823,339	781,984	-	41,355
Central Services	11,141,153	407,475	11,548,628	11,422,717	10,283,859	507,594	631,264
Special Items	1,884,905	-	1,884,905	1,861,696	1,641,482	-	220,214
Total General Support	<u>15,505,920</u>	<u>456,251</u>	<u>15,962,171</u>	<u>15,706,042</u>	<u>14,232,038</u>	<u>511,115</u>	<u>962,889</u>
Instruction							
Instruction - Administration and Improvement	6,085,359	1,801	6,087,160	6,079,254	5,861,222	4,597	213,435
Teaching - Regular School	50,286,165	297,028	50,583,193	49,913,761	48,167,267	369,201	1,377,293
Programs for Students with Disabilities	13,939,022	547	13,939,569	14,022,811	13,526,292	136,329	360,190
Teaching - Special Schools	398,212	-	398,212	484,053	404,443	-	79,610
Instructional Media	4,011,881	35,366	4,047,247	4,332,845	4,135,916	88,390	108,539
Pupil Services	7,611,585	65,483	7,677,068	7,845,604	7,615,670	39,703	190,231
Total Instruction	<u>82,332,224</u>	<u>400,225</u>	<u>82,732,449</u>	<u>82,678,328</u>	<u>79,710,810</u>	<u>638,220</u>	<u>2,329,298</u>
Other							
Pupil Transportation	8,981,984	598	8,982,582	9,423,140	9,155,930	37,297	229,913
Community Service	17,650	-	17,650	17,650	8,316	1,684	7,650
Employee Benefits	47,445,902	23,100	47,469,002	43,504,333	43,246,680	21,700	235,953
Debt Service - Interest	-	-	-	16,075	16,075	-	-
Total Other	<u>56,445,536</u>	<u>23,698</u>	<u>56,469,234</u>	<u>52,961,198</u>	<u>52,427,001</u>	<u>60,681</u>	<u>473,516</u>
Total Expenditures	154,283,680	880,174	155,163,854	151,345,568	146,369,849	1,210,016	3,765,703
OTHER USES							
Interfund Transfers	12,025,000	-	12,025,000	15,856,420	15,856,420	-	-
Total Expenditures and Other Uses	<u>\$ 166,308,680</u>	<u>\$ 880,174</u>	<u>\$ 167,188,854</u>	<u>\$ 167,201,988</u>	<u>162,226,269</u>	<u>\$ 1,210,016</u>	<u>\$ 3,765,703</u>
Excess of Revenues and Other Sources							
Over Expenditures and Other Uses					<u>\$ 1,866,388</u>		

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS

FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
July 1, 2016	\$ -	\$ 189,653,952	\$ 189,653,952	0%	\$ 83,053,219	228.4%
July 1, 2015	\$ -	\$ 176,076,131	\$ 176,076,131	0%	\$ 82,248,379	214.1%
July 1, 2014	\$ -	\$ 161,525,566	\$ 161,525,566	0%	\$ 80,327,738	201.1%
July 1, 2013	\$ -	\$ 153,501,107	\$ 153,501,107	0%	\$ 79,752,105	192.5%
July 1, 2012	\$ -	\$ 141,304,648	\$ 141,304,648	0%	\$ 77,167,316	183.1%
July 1, 2011	\$ -	\$ 153,946,777	\$ 153,946,777	0%	\$ 74,057,952	207.9%
June 1, 2011	\$ -	\$ 140,333,629	\$ 140,333,629	0%	\$ 80,906,059	173.5%
June 1, 2010	\$ -	\$ 137,874,205	\$ 137,874,205	0%	\$ 76,748,656	179.6%
June 1, 2008	\$ -	\$ 126,707,500	\$ 126,707,500	0%	\$ 81,766,042	155.0%

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2017

<u>TRS</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Proportionate share of net pension assets/(liabilities)	\$ (4,119,957)	\$ 38,567,739	\$ 41,053,787
Covered payroll	\$ 61,567,175	\$ 60,907,383	\$ 55,654,530
Proportionate share of net pension asset (liability) as a percentage of covered payroll	(6.69%)	63.3%	73.8%
Plan fiduciary net position as a percentage of total pension asset	99.01%	110.46%	111.48%

<u>ERS</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Proportionate share of net pension liability	\$ 7,341,982	\$ 13,252,122	\$ 2,804,305
Covered payroll	\$ 25,686,921	\$ 23,776,631	\$ 23,502,230
Proportionate share of net pension liability as a percentage of covered payroll	28.6%	55.7%	11.9%
Plan fiduciary net position as a percentage of total pension liability	94.5%	90.6%	97.9%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS

FOR THE YEAR ENDED JUNE 30, 2017

<u>TRS</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 6,992,117	\$ 7,562,164	\$ 9,895,705
Contributions in relation to the contractually required contribution	<u>6,992,117</u>	<u>7,562,164</u>	<u>9,895,705</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 61,567,175	\$ 60,907,383	\$ 55,654,530
Contributions as a percentage of covered-employee payroll	11.4%	12.4%	17.8%

<u>ERS</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 3,209,327	\$ 3,733,203	\$ 4,247,591
Contributions in relation to the contractually required contribution	<u>3,209,327</u>	<u>3,733,203</u>	<u>4,247,591</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 25,686,921	\$ 23,776,631	\$ 23,502,230
Contributions as a percentage of covered-employee payroll	12.5%	16.1%	18.1%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

OTHER SUPPLEMENTAL INFORMATION

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Debt Service</u>	<u>Non-Major Capital Projects</u>	<u>Special Aid Fund</u>	<u>School Lunch</u>	<u>Community Service</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS						
Unrestricted Cash	\$ -	\$ 2,258,172	\$ 700,869	\$ 391,630	\$ 552,737	\$ 3,903,408
Restricted Cash	3,492,922	3,656	-	-	-	3,496,578
Accounts Receivable	-	-	-	7,160	142,092	149,252
Inventory	-	-	-	120,332	-	120,332
Due from Other Funds	229	2,141,475	27,529	241	-	2,169,474
Due from State and Federal	-	-	2,175,957	53,979	-	2,229,936
Total Assets	<u>\$ 3,493,151</u>	<u>\$ 4,403,303</u>	<u>\$ 2,904,355</u>	<u>\$ 573,342</u>	<u>\$ 694,829</u>	<u>\$ 12,068,980</u>
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 19,385	\$ -	\$ 6,020	\$ 25,405
Accrued Liabilities	-	-	1,225	22,954	-	55,183
Due to Other Funds	748,199	1,567,030	2,325,133	97,523	31,004	4,737,885
Due to Other Governments	-	-	-	349	-	349
Prepaid Revenue	-	-	-	158,930	-	158,930
Deferred Revenue	-	-	557,690	-	241,033	798,723
Total Liabilities	<u>748,199</u>	<u>1,567,030</u>	<u>2,903,433</u>	<u>279,756</u>	<u>278,057</u>	<u>5,776,475</u>
FUND EQUITY						
Reserved for Encumbrances	-	2,381,229	-	-	20,028	2,401,257
Reserved for Debt	2,744,952	-	-	-	-	2,744,952
Reserved for Repairs	-	3,642	-	-	-	3,642
Unassigned - Undesignated	-	451,402	922	293,586	396,744	1,142,654
Total Fund Equity	<u>2,744,952</u>	<u>2,836,273</u>	<u>922</u>	<u>293,586</u>	<u>416,772</u>	<u>6,292,505</u>
Total Liabilities and Fund Equity	<u>\$ 3,493,151</u>	<u>\$ 4,403,303</u>	<u>\$ 2,904,355</u>	<u>\$ 573,342</u>	<u>\$ 694,829</u>	<u>\$ 12,068,980</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Debt Service</u>	<u>Non-Major Capital Projects</u>	<u>Special Aid Fund</u>	<u>School Lunch</u>	<u>Community Services</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES						
Use of Money and Property	\$ 2,692	\$ -	\$ -	\$ 38	\$ -	\$ 2,730
Charges for Services	-	-	-	-	830,005	830,005
Miscellaneous	-	-	98,716	3,847	-	102,563
State Sources	-	-	939,178	42,254	-	981,432
Federal Sources	-	-	2,703,459	922,921	-	3,626,380
Sales	-	-	-	2,255,671	-	2,255,671
Total Revenues	<u>2,692</u>	<u>-</u>	<u>3,741,353</u>	<u>3,224,731</u>	<u>830,005</u>	<u>7,798,781</u>
EXPENDITURES						
General Support	-	-	-	1,196,601	146,951	1,343,552
Instruction	-	-	3,867,641	-	471,544	4,339,185
Pupil Transportation	-	-	141,335	-	-	141,335
Employee Benefits	-	-	206,404	675,655	65,475	947,534
Debt Service	10,662,860	-	-	-	-	10,662,860
Cost of Sales	-	-	-	1,341,245	-	1,341,245
Capital Outlay	-	3,299,885	-	-	-	3,299,885
Total Expenditures	<u>10,662,860</u>	<u>3,299,885</u>	<u>4,215,380</u>	<u>3,213,501</u>	<u>683,970</u>	<u>22,075,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,660,168)</u>	<u>(3,299,885)</u>	<u>(474,027)</u>	<u>11,230</u>	<u>146,035</u>	<u>(14,276,815)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from Serial Bonds	-	958,700	-	-	-	958,700
Interfund Transfers	10,992,919	4,388,556	474,945	-	-	15,856,420
Total Other Financing Sources	<u>10,992,919</u>	<u>5,347,256</u>	<u>474,945</u>	<u>-</u>	<u>-</u>	<u>16,815,120</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	332,751	2,047,371	918	11,230	146,035	2,538,305
Fund Equity - Beginning of Year	<u>2,412,201</u>	<u>788,902</u>	<u>4</u>	<u>282,356</u>	<u>270,737</u>	<u>3,754,200</u>
Fund Equity - End of Year	<u>\$ 2,744,952</u>	<u>\$ 2,836,273</u>	<u>\$ 922</u>	<u>\$ 293,586</u>	<u>\$ 416,772</u>	<u>\$ 6,292,505</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND

THE REAL PROPERTY TAX LIMIT

FOR THE YEAR ENDED JUNE 30, 2017

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 166,308,680
Add: Prior Year's Encumbrances	<u>880,174</u>
Original Budget	167,188,854
Budget Amendments:	
Tax Certiorari	<u>13,134</u>
Final Budget	<u>\$ 167,201,988</u>

Section 1318 of Real Property Tax Law Limit Calculation

2017-18 Voter-Approved Expenditure Budget	<u>\$ 169,957,065</u>
Maximum Allowed (4% of 2016-17 Budget)	<u>\$ 6,798,283</u>
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 4,120,016
Unassigned Fund Balance	<u>6,622,020</u>
Total Unrestricted Fund Balance	<u>\$ 10,742,036</u>
Less:	
Appropriated Fund Balance	(2,910,000)
Encumbrances Included in Assigned Fund Balance	<u>(1,210,016)</u>
Total Adjustments	<u>\$ (4,120,016)</u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u>\$ 6,622,020</u>
Actual Percentage	<u>\$ 3.90%</u>

Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to §1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2017

Project Title	Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2017
				Prior Years	Current Year	Total		Proceeds of Obligations	Federal or State Aid	Local Sources	Total	
Repairs and Maintenance Fund												
2013-2014 Repair & Maintenance Fund	-	\$ 400,000	\$ 400,000	\$ 400,820	\$ -	\$ 400,820	\$ (820)	\$ -	\$ -	\$ 400,820	\$ 400,820	\$ -
2014-2015 Repair & Maintenance Fund	-	400,000	400,000	399,858	-	399,858	142	-	-	400,385	400,385	527
2015-2016 Repair & Maintenance Fund	-	700,000	700,000	588,713	-	588,713	111,287	-	-	700,000	700,000	111,287
2016-2017 Repair & Maintenance Fund	-	700,000	700,000	-	-	-	700,000	-	-	700,000	700,000	700,000
Total Repair & Maintenance Fund		<u>2,200,000</u>	<u>2,200,000</u>	<u>1,389,391</u>	<u>-</u>	<u>1,389,391</u>	<u>810,609</u>	<u>-</u>	<u>-</u>	<u>2,201,205</u>	<u>2,201,205</u>	<u>811,814</u>
Capital Projects Fund												
\$10M Project:												
Arongen/Shatekon	0031-008	458,905	313,250	313,250	-	313,250	-	-	-	313,250	313,250	-
Skano/Tesago	0006-020	279,503	327,699	327,699	-	327,699	-	-	-	327,699	327,699	-
Karigon/Orenda	0007-017	201,502	291,338	291,338	-	291,338	-	-	-	291,338	291,338	-
Chanogo	0010-010	195,002	178,440	178,440	-	178,440	-	-	-	178,440	178,440	-
Okte	0011-011	195,002	178,310	178,310	-	178,310	-	-	-	178,310	178,310	-
Middle School Boiler	0001-028	1,261,013	644,441	644,441	-	644,441	-	-	4,044	640,397	644,441	-
Middle School	0001-029	-	588,151	588,151	-	588,151	-	-	-	588,151	588,151	-
HSW	0004-022	481,005	465,591	465,591	-	465,591	-	-	-	465,591	465,591	-
HSE	0008-020	4,199,204	3,100,235	3,100,235	-	3,100,235	-	-	-	3,100,235	3,100,235	-
HSE Panel Abatement	0008-021	-	983,364	983,364	-	983,364	-	-	-	983,364	983,364	-
District WIFI	7999-003	2,801,527	1,696,092	1,696,092	-	1,696,092	-	-	-	1,696,092	1,696,092	-
Arogen/Shatekon	0031-009	71,063	70,003	60,604	9,399	70,003	-	-	-	70,003	70,003	-
Bus Garage	5003-013	31,851	32,474	29,045	3,429	32,474	-	-	-	32,474	32,474	-
Chango	0010-011	44,367	43,398	36,721	6,677	43,398	-	-	-	43,398	43,398	-
Chango	0010-013	27,474	27,474	-	27,474	27,474	-	-	-	27,474	27,474	-
District Office	1052-003	4,125	4,442	4,045	397	4,442	-	-	-	4,442	4,442	-
HSW	0004-023	149,926	146,699	122,737	23,962	146,699	-	136,023	-	10,676	146,699	-
HSE	0008-022	444,891	519,785	332,709	187,076	519,785	-	249,296	-	270,489	519,785	-
Karigon/Orenda	0007-016	346,355	352,627	288,256	64,371	352,627	-	212,808	-	139,819	352,627	-
Middle School	0001-030	432,554	448,216	353,503	94,713	448,216	-	207,158	-	241,058	448,216	-
Middle School	0001-032	36,243	36,243	-	36,243	36,243	-	-	-	36,243	36,243	-
Okte	0011-012	40,308	39,283	33,055	6,228	39,283	-	37,448	-	1,835	39,283	-
Skano/Tesago	0006-021	371,693	365,464	287,901	77,563	365,464	-	336,778	-	28,686	365,464	-
Skano/Tesago	0006-022	49,342	49,342	49,342	-	49,342	-	-	-	49,342	49,342	-
Karigon/Orenda	0007-019	45,977	45,977	45,977	-	45,977	-	-	-	45,977	45,977	-
Available Unassigned		-	496,868	15,668	(2,624)	13,044	483,824	385,489	-	131,093	516,582	503,538
Total \$10M Project		<u>12,168,832</u>	<u>11,445,206</u>	<u>10,426,474</u>	<u>534,908</u>	<u>10,961,382</u>	<u>483,824</u>	<u>1,565,000</u>	<u>-</u>	<u>9,895,876</u>	<u>11,464,920</u>	<u>503,538</u>
Capital Repair Reserve Fund		<u>1,270,436</u>	<u>115,323</u>	<u>111,681</u>	<u>-</u>	<u>111,681</u>	<u>3,642</u>	<u>-</u>	<u>-</u>	<u>115,323</u>	<u>115,323</u>	<u>3,642</u>
Bus Bond (2016-2017)		958,700	4,300,466	-	2,158,700	2,158,700	2,141,766	958,700	-	2,141,475	3,100,175	941,475
Bus Bond (2015-2016)		988,365	2,188,365	2,101,030	-	2,101,030	87,335	988,365	-	1,200,000	2,188,365	87,335
Bus Bond (2014-2015)		1,821,557	2,934,221	1,821,557	-	1,821,557	1,112,664	1,821,557	-	1,112,664	2,934,221	1,112,664
Bus Bond (2013-2014)		1,817,740	1,817,740	1,869,752	-	1,869,752	(52,012)	1,869,655	-	97	1,869,752	-
Bus Bond (2012-2013)		1,891,324	1,902,087	1,903,246	-	1,903,246	(1,159)	1,903,086	-	161	1,903,247	1
		<u>7,477,686</u>	<u>13,142,879</u>	<u>7,695,585</u>	<u>2,158,700</u>	<u>9,854,285</u>	<u>3,288,594</u>	<u>7,541,363</u>	<u>-</u>	<u>4,454,397</u>	<u>11,995,760</u>	<u>2,141,475</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2017

Project Title	Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2017
				Prior Years	Current Year	Total		Proceeds of Obligations	Federal or State Aid	Local Sources	Total	
\$16M Project:												
Arongen/Shatekon	0031-010	\$ -	\$ 10,762	\$ -	\$ 10,762	\$ 10,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,762)
Admin Building	0055-002	-	364	-	364	364	-	-	-	-	-	(364)
Bus Garage	5003-014	-	794	-	794	794	-	-	-	-	-	(794)
Chango	0010-012	-	15,432	-	15,432	15,432	-	-	-	-	-	(15,432)
District Office	1052-004	-	516	-	516	516	-	-	-	-	-	(516)
Ground Building	3045-002	-	71	-	71	71	-	-	-	-	-	(71)
HSE	0008-023	-	19,373	-	19,373	19,373	-	-	-	-	-	(19,373)
HSE	0008-024	-	230,020	-	230,020	230,020	-	-	-	-	-	(230,020)
HSE	0008-025	-	139,504	-	139,504	139,504	-	-	-	-	-	(139,504)
HSE	0004-024	-	6,184	-	6,184	6,184	-	-	-	-	-	(6,184)
Karigon/Orenda	0007-020	-	16,244	-	16,244	16,244	-	-	-	-	-	(16,244)
Middle School	0001-031	-	15,902	-	15,902	15,902	-	-	-	-	-	(15,902)
Middle School	0001-033	-	69,943	-	69,943	69,943	-	-	-	-	-	(69,943)
Okte	0011-013	-	24,448	-	24,448	24,448	-	-	-	-	-	(24,448)
Press Box	7037-002	-	19,616	-	19,616	19,616	-	-	-	-	-	(19,616)
Skano/Tesago	0006-023	-	16,430	-	16,430	16,430	-	-	-	-	-	(16,430)
Available Unassigned		16,616,000	16,030,397	-	38,593	38,593	15,991,804	-	-	-	-	(38,593)
Total \$16M Project		16,616,000	16,616,000	-	624,196	624,196	15,991,804	-	-	-	-	(624,196)
Total All Funds		<u>\$ 39,732,954</u>	<u>\$ 43,519,408</u>	<u>\$ 19,623,131</u>	<u>\$ 3,317,804</u>	<u>\$ 22,940,935</u>	<u>\$ 20,578,473</u>	<u>\$ 9,106,363</u>	<u>\$ 4,044</u>	<u>\$ 16,666,801</u>	<u>\$ 25,777,208</u>	<u>\$ 2,836,273</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

FOR THE YEAR ENDED JUNE 30, 2017

Capital Assets, Net		\$ 84,801,521
Deduct:		
Short-Term Portion of Bonds Payable	\$ 8,704,640	
Long-Term Portion of Bonds Payable	<u>35,119,060</u>	
	43,823,700	(43,823,700)
Add: Unexpended Cash		<u>2,261,828</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 43,239,649</u>

FEDERAL AWARD PROGRAM INFORMATION

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

To the Board of Education of
Shenendehowa Central School District at Clifton Park
Clifton Park, New York

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States the general purpose financial statements of the Shenendehowa Central School District at Clifton Park (the “District”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated September 25, 2017.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 25, 2017

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

To the Board of Education of
Shenendehowa Central School District at Clifton Park, New York
Clifton Park, New York

Report on Compliance for Each Major Federal Program

We have audited the Shenendehowa Central School District at Clifton Park'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, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 on 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, 2017.

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 our 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 our 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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 25, 2017

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Federal Expenditures</u>
<u>Passed Through New York State Education Department:</u>			
<u>U.S. Department of Education</u>			
Title I Grants to Local Educational Agencies	84.010A	0021-16-2675	\$ 49,789
Title I Grants to Local Educational Agencies	84.010A	0021-17-2675	326,550
Title III - Part A - LEP	84.365A	0293-16-2675	16,433
Title III - Part A - LEP	84.365A	0293-17-2675	2,683
Title III Immigrant - Supplemental	84.365B	0151-16-2675	5,511
Title III Immigrant - Supplemental	84.365B	0151-17-2675	15,994
Title II - Part A - Teacher and Principal Recruitment and Training	84.367A	0147-16-2675	52,009
Title II - Part A - Teacher and Principal Recruitment and Training	84.367A	0147-17-2675	<u>197,629</u>
Subtotal			<u>666,598</u>
Special Education Cluster:			
Section 611 - Special Education - Grants to States	84.027A	0032-17-0808	1,955,092
Section 619 - Special Education - Preschool Grants	84.173A	0033-17-0808	<u>81,769</u>
Total Special Education Cluster			<u>2,036,861</u>
Total U.S. Department of Education Passed Through New York State Education Department			<u>2,703,459</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Not Applicable	81,234
National School Lunch Program	10.555	Not Applicable	672,597
Food Distribution	10.553 - 10.555	Not Applicable	<u>169,090</u>
Total U.S. Department of Agriculture Passed Through New York State Education Department			<u>922,921</u>
Total Expenditures of Federal Awards			<u>\$ 3,626,380</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. SCOPE OF AUDIT PURSUANT TO THE UNIFORM GUIDANCE

The Shenendehowa Central School District of Clifton Park is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

3. SCHOOLWIDE PROGRAMS

The District expends the following federal awards in schoolwide programs:

<u>Program</u>	<u>Amount</u>
CFDA #84.027A Special Education - Grants to States (IDEA, Part B)	\$ 1,955,092
CFDA #84.173A Special Education - Preschool Grants (IDEA Preschool)	<u>81,769</u>
Total	<u>\$ 2,036,861</u>

4. FOOD DONATION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2017, the School District received food commodities totaling \$169,090.

5. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal Sources Included in Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 3,784,800
Less: Federal Medicaid Revenue	<u>158,420</u>
Total Expenditures of Federal Awards	<u>\$ 3,626,380</u>

6. INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The District's indirect cost rate is set by New York State.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

SECTION I — SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- “Going Concern” explanatory paragraph included in audit report? _____ Yes X No
- Significant deficiency(ies) disclosed? _____ Yes X None reported
- Significant deficiency(ies) reported as a material weakness(es)? _____ Yes X No
- Noncompliance material to financial statements? _____ Yes X No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified? _____ Yes X No
- Significant deficiency(ies) reported for any major programs as a material weakness(es)? _____ Yes X No
- Any known questioned costs reported? _____ Yes X No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.515(d)(2)? _____ Yes X No

Identification of major programs:

CFDA Number(s)
10.553-10.555

Name of Federal Program or Clusters
Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II — FINANCIAL STATEMENT FINDINGS:

No findings or matters were disclosed during the audit.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No findings or matters were disclosed during the audit.

EXTRAClassroom Activity Fund

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MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Shenendehowa Central School District at Clifton Park, New York
Clifton Park, New York

We have audited the accompanying financial statements of the Shenendehowa Central School District at Clifton Park Extraclassroom Activity Funds ("Shenendehowa's Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2017, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, and fund balance of Shenendehowa's Extraclassroom Activity Fund as of June 30, 2017, and its cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 25, 2017

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF ASSETS AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2017

ASSETS

Cash \$ 543,142

FUND BALANCE

Fund Balance \$ 543,142

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Activities and Clubs</u>	<u>Balances</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances</u> <u>June 30, 2017</u>
High School:				
Club				
World of Difference	\$ 352	\$ -	\$ -	\$ 352
Visual Arts Club aka Art Club	2,783	-	-	2,783
Tri-M	444	1,984	(959)	1,469
Speech and Debate	1,658	206	-	1,864
Shen Dance Team	1,291	9,611	(9,136)	1,766
SFA Senate	9,983	24,509	(21,452)	13,040
Science Club	738	-	-	738
Scarce	1,649	-	-	1,649
SADD Club	1,355	650	(430)	1,575
Respect Club	651	-	-	651
Newspaper Club (Shenpen)	(32)	-	-	(32)
National Honor Society	207	1,356	(1,213)	350
Latin Club	252	345	(295)	302
International Service Club	40	-	-	40
International Club	223	-	-	223
High School West Ski Club	1,856	14,877	(12,714)	4,019
High School Technology Club	55,871	2,347	(6,401)	51,817
High School Library Club	1,193	-	-	1,193
High School Leo Club	43	350	(393)	-
High School Key Club	1,826	5,003	(5,134)	1,695
High School East Ski Club	13,054	30,586	(38,460)	5,180
French Club	268	-	-	268
FBLA	738	6,164	(6,202)	700
Class of 2020	-	4,161	(1,534)	2,627
Class of 2019	767	6,147	(5,678)	1,236
Class of 2018	2,512	51,077	(45,935)	7,654
Class of 2017	9,100	46,485	(38,918)	16,667
Class of 2016	8,782	75	(8,857)	-
Carillon Yearbook	31,602	93,651	(98,156)	27,097
Best Buddies	2,796	1,995	(2,029)	2,762
Automotive	3,968	705	(377)	4,296
Activity	<u>94,599</u>	<u>291,319</u>	<u>(224,266)</u>	<u>161,652</u>
Total High School Activities and Clubs	<u>\$ 250,569</u>	<u>\$ 593,603</u>	<u>\$ (528,539)</u>	<u>\$ 315,633</u>
Middle Schools:				
Gowana				
Club				
Gowana Rocket Club	\$ 290	\$ -	\$ -	\$ 290
Gowana Indoor Rock Climbing Club	1	4,165	(3,347)	819
Gowana Student Council	4,552	7,344	(6,368)	5,528
Gowana Ski Club	951	8,304	(7,868)	1,387
Gowana School Climate Club	15,838	15,699	(20,239)	11,298
Gowana Class book Club	9,104	3,523	(1,557)	11,070
Gowana Latin Class	-	2,250	(2,071)	179
Gowana Future Cities Club	1,673	-	-	1,673
Gowana (MS) Chess Club	543	-	(543)	-
Activity	<u>7,012</u>	<u>38,348</u>	<u>(38,511)</u>	<u>6,849</u>
Total Gowana Activities and Clubs	<u>39,964</u>	<u>79,633</u>	<u>(80,504)</u>	<u>39,093</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

<u>Activities and Clubs</u>	<u>Balances</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances</u> <u>June 30, 2017</u>
Middle Schools:				
Koda				
Club				
Koda TriBldg Technology Club	\$ 271	\$ -	\$ (271)	\$ -
Koda Support the Troops Group	-	569	(433)	136
Koda Student Council	818	5,071	(3,387)	2,503
Koda NJHS Club	8,728	2,232	(3,164)	7,796
Koda Musical Theater Club	13,102	7,785	(5,870)	15,016
Activity	<u>17,532</u>	<u>55,346</u>	<u>(51,123)</u>	<u>21,755</u>
Total Koda Activities and Clubs	<u>40,451</u>	<u>71,003</u>	<u>(64,248)</u>	<u>47,206</u>
Acadia				
Club				
Acadia Tri Bldg Talent Show Cl	680	1,381	(1,791)	270
Acadia Tri Bldg Sewing Club	188	320	(468)	40
Acadia Tri Bldg Board Game Club	55	227	(78)	204
Acadia Shen Buddies Club	1,796	-	(178)	1,618
Acadia NJHS Club	693	1,352	(931)	1,114
Acadia Yearbook Club	2,538	7,081	(7,741)	1,878
Acadia Student Council	1,391	8,949	(9,295)	1,045
Acadia Ski Club	154	7,220	(6,948)	426
Acadia Odyssey of the Mind Club	348	455	(448)	355
Acadia Lego Bldg & Robotics Club	513	-	(124)	389
Acadia Future Cities Club	1,180	100	(535)	745
Acadia Adventure Club	1,440	2,316	(3,181)	575
Activity	<u>9,601</u>	<u>93,336</u>	<u>(92,147)</u>	<u>10,790</u>
Total Acadia Activities and Clubs	<u>20,577</u>	<u>122,737</u>	<u>(123,865)</u>	<u>19,449</u>
Total Middle Schools Activities and Clubs	<u>100,992</u>	<u>273,373</u>	<u>(268,617)</u>	<u>105,748</u>
Elementary Schools:				
Arongen				
Club				
Arongen Student Council	1,232	2,657	(2,640)	1,249
Activity				
Arongen Music Activity	-	1,089	(1,113)	(24)
Arongen 5 th Grade Activity	4,226	28,399	(24,936)	7,689
Total Arongen Activities and Clubs	<u>5,458</u>	<u>32,145</u>	<u>(28,689)</u>	<u>8,914</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

<u>Activities and Clubs (Continued)</u>	<u>Balances July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances June 30, 2017</u>
Elementary Schools (Continued):				
Chango				
Club				
Chango Student Council	1,255	165	-	1,420
Activity				
Chango Yearbook Activity	219	1,674	(1,893)	-
Chango Music Activity	404	330	(694)	40
Chango Kindergarten Activity	306	-	-	306
Chango 5 th Grade Activity	2,417	4,754	(4,148)	3,023
Chango 4 th Grade Activity	1,067	1,667	(2,319)	415
Chango 3 rd Grade Activity	810	1,319	(1,183)	946
Chango 2 nd Grade Activity	346	199	(545)	-
Chango 1 st Grade Activity	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Chango Club and Activities	<u>6,826</u>	<u>10,108</u>	<u>(10,782)</u>	<u>6,152</u>
Karigon				
Club				
Karigon Student Council	4,015	1,811	(57)	5,769
Activity				
Karigon School Store	1,065	1,662	(1,565)	1,161
Karigon Kindergarten	38	510	(440)	108
Karigon Chorus	-	564	(564)	-
Karigon Chess Club	336	1,115	(1,210)	241
Karigon 5th Grade Field Trips	441	4,298	(3,718)	1,022
Karigon 4 th Grade Field Trips	433	1,154	(1,250)	337
Karigon 3 rd Grade Field Trips	115	455	(376)	194
Karigon 2 nd Grade Field Trips	32	544	(472)	114
Karigon 1 st Grade Field Trips	<u>46</u>	<u>3,053</u>	<u>(2,898)</u>	<u>201</u>
Total Karigon Club and Activities	<u>6,521</u>	<u>15,176</u>	<u>(12,550)</u>	<u>9,147</u>
Okte				
Club				
Okte Yearbook	1,070	-	(286)	784
Okte Student Council Playground	-	13,174	-	13,174
Okte Student Council	10,392	2,740	-	13,132
Activity				
Okte Kindergarten Activity	-	384	(104)	280
Okte General Specials	48	725	(773)	-
Okte Drama Club	302	1,519	(27)	1,794
Okte 5 th Grade	2,805	6,731	(8,431)	1,105
Okte 4 th Grade	1,678	1,740	(3,046)	371
Okte 3 rd Grade	(306)	1,123	(711)	106
Okte 2 nd Grade	-	1,222	(1,216)	7
Okte 1 st Grade	<u>847</u>	<u>1,224</u>	<u>(1,303)</u>	<u>768</u>
Total Okte Club and Activities	<u>16,836</u>	<u>30,582</u>	<u>(15,897)</u>	<u>31,521</u>
Orenda				
Club				
Orenda Student Council	3,044	1,744	(1,360)	3,428
Activity				
Orenda Yearbook	1,419	3,264	(4,340)	343
Orenda Orchestra	-	192	(192)	-
Orenda Ice Skating Club	87	402	(355)	134
Orenda 5th Grade Activity	2	1,816	(1,747)	71
Orenda 4 th Grade Activity	100	656	(736)	20
Orenda 3 rd Grade Activity	533	1,428	(1,055)	906
Orenda 2 nd Grade Activity	-	509	(493)	16
Orenda 1 st Grade Activity	<u>6</u>	<u>633</u>	<u>(482)</u>	<u>157</u>
Total Orenda Club and Activities	<u>5,191</u>	<u>10,644</u>	<u>(10,760)</u>	<u>5,075</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

<u>Activities and Clubs (Continued)</u>	<u>Balances July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances June 30, 2017</u>
Elementary Schools (Continued):				
Shatekon				
Club				
Shatekon Student Council	5,259	14,468	(17,309)	2,418
Shatekon Sole Sisters	48	408	(378)	78
Activity				
Shatekon Music	886	511	(516)	881
Shatekon Drama Club	4,380	4,743	(2,853)	6,270
Shatekon and Arongen Ski	14	-	-	14
Shatekon 4 th Grade	496	2,471	(2,212)	755
Shatekon 3 rd Grade	39	85	(72)	52
Shatekon 2 nd Grade	77	485	(423)	139
Shatekon 1 st Grade	134	710	(699)	145
Total Shatekon Activities and Clubs	<u>11,333</u>	<u>23,881</u>	<u>(24,462)</u>	<u>10,752</u>
Skano				
Club				
Skano Student Council Playground	7,485	17,404	(4,468)	20,421
Skano Student Council	5,210	856	(4,735)	1,331
Activity				
Skano Ski Activity	120	3,173	(3,157)	136
Skano Kindergarten	10	570	(550)	30
Skano 5 th Grade	2,333	13,985	(15,742)	576
Skano 4 th Grade	451	7,558	(7,959)	50
Skano 3 rd Grade	-	135	-	135
Skano 2 nd Grade	135	1,754	(1,889)	-
Skano 1 st Grade	-	1,190	(919)	271
Total Skano Activities and Clubs	<u>15,744</u>	<u>46,625</u>	<u>(39,419)</u>	<u>22,950</u>
Tesago				
Club				
Tesago Yearbook	33	2,232	(1,679)	586
Tesage Theatre Club	1,662	12,439	(12,152)	1,949
Tesago Student Council	13,301	17,063	(8,420)	21,944
Activity				
Tesago Ski Activity	-	3,780	(3,330)	450
Tesago Music	425	-	(250)	175
Tesago 5 th Grade Activity Fund	2,248	4,074	(6,170)	152
Tesago 4 th Grade Activity Fund	96	1,183	(898)	381
Tesago 3 rd Grade Activity Fund	-	833	(698)	135
Tesago 2 nd Grade Activity Fund	74	774	(769)	79
Tesago 1 st Grade Activity Fund	2	819	(816)	5
Total Tesago Activities and Clubs	<u>17,841</u>	<u>43,197</u>	<u>(35,182)</u>	<u>25,856</u>
Miscellaneous:				
Due to NYS Sales Tax	123	8,284	(7,013)	1,394
Due to Other Funds	-	4	(4)	-
Accounts Receivable	(10,702)	23,972	(13,270)	-
	<u>(10,579)</u>	<u>32,260</u>	<u>(20,287)</u>	<u>1,394</u>
Total Elementary Schools and Miscellaneous	<u>75,171</u>	<u>244,618</u>	<u>(198,028)</u>	<u>121,761</u>
Grand Total	<u>\$ 426,732</u>	<u>\$ 1,111,594</u>	<u>\$ (995,184)</u>	<u>\$ 543,142</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Fund of the District represent funds of the Students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Fund is independent of the District with respect to its financial transactions and the designation of student management. Separate financial statements are issued for this fund. The District also reports this fund in its financial statements, within its Fiduciary Fund.

The books and records of the District's Extraclassroom Activity Fund are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets are increased when cash is received and decreased when cash is disbursed.

REQUIRED COMMUNICATION WITH GOVERNANCE AND MANAGEMENT LETTER

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CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

To the Audit Committee and Board of Education
of Shenendehowa Central School District at Clifton Park, New York

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shenendehowa Central School District at Clifton Park for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Shenendehowa Central School District at Clifton Park are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimate of the year-end state and federal aid receivables.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

In planning and performing our audit of the financial statements of the Shenendehowa Central School District at Clifton Park as of and for the year ended June 30, 2017, in accordance with U.S. generally accepted auditing standards, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was of the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 25, 2017 on the financial statements of Shenendehowa Central School District at Clifton Park.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

CURRENT YEAR COMMENTS

2017-1 Bank Statement Outstanding Checks

During our review of year end bank statements, there were multiple outstanding checks greater than 6 months old.

We recommend the Business Office review stale outstanding items on all bank reconciliations on a monthly basis. If it is determined that an item needs to be voided and reissued, or adjusted, it should be done at that point in time to ensure an accurate cash balance.

District Response: The District concurs. The District Treasurer will review the existing outstanding check list on a quarterly basis procedure with the Senior Accountant to ensure older outstanding items are cleared going forward.

2017-2 Accounts Receivable – Older Customer Accounts

In reviewing accounts receivable from High School East, there were approximately \$48,000 in billings greater than 90 days old. Upon further inquiry, it was determined that billing statements are not routinely sent on a timely basis.

It was also noted that services for foster students are not being billed timely. Approximately \$40,000 of accounts receivable at year end pertained to the February and March, 2017 time frame.

We recommend that billings be prepared and remitted on a timely basis so that the District can reflect them accurately.

District Response: The District concurs. The District has reviewed the accounts receivable process with High School East to insure and begin a more targeted approach to collecting the aged items.

Regarding the foster student billing, the District Treasurer will work with the Registrar to develop a better process for timely reporting of foster students so that those tuitions can be billed more timely.

The District Treasurer will review the outstanding accounts receivable list on a quarterly basis procedure with the Senior Accountant to ensure older outstanding items are cleared going forward.

2017-3 Fixed Asset Reconciliation

Buses that were replaced, but not sold, were inadvertently taken off of the fixed asset listing. Buses that were replaced and sold, inadvertently remained on the year end listing as active assets.

We also noted there was a large adjustment to the current year fixed asset balance and depreciation expense. The reason for this adjustment is the prior year report did not reflect all assets.

We recommend the business office reconcile their books and records with the fixed asset management software system throughout the year and especially at year end to ensure accuracy.

District Response: The District concurs. The District Treasurer will work more closely with the Senior Accountant going forward to create a better Fixed Asset review process, which will include a quarterly review of the assets, additions, and disposals recorded in the fixed asset management software.

2017-4 Accounts Payable Accuracy

In reviewing the year end accounts payable listing, there were three errors noted. One invoice was recorded to reflect a 16-17 fiscal year expense but pertained to the upcoming 17-18 fiscal year. Two other items tested were not valid year end payables and should not have been on the listing.

We recommend the Business Office review the accounts payable listing on a regular basis for accuracy. This will help in maintaining an accurate accounts payable balance.

District Response: The District concurs. The District Treasurer will work with the Accounts Payable team to improve the process for accessing accurate information from the various departments in regard to year-end purchase orders.

2017-5 Cash Account Management

We noted that Board approval was not obtained when closing a cash account.

We recommend that whenever an existing cash account is closed, or a new account is opened, that it be part of the approved board meeting minutes. We consider this to be a best practice in cash management.

District Response: The District concurs. A proper directive was provided, but unfortunately misunderstood by the staff member who directed the bank to close the account and merge the funds into an existing account in the same bank. The proper process has been reviewed with applicable staff. In addition, the bank has been given a directive that bank accounts may only be opened or closed with a Board of Education resolution.

2017-6 Claims Auditor Procedures

Currently, gaps in the cash disbursement check sequence are not analyzed by the claims auditor during their review.

We recommend that this procedure be added to the existing claims audit procedures. The District should identify and document the reasons for any gaps in the check sequence, and have that information available for the claims auditor to review.

District Response: The District concurs. When the District stopped using pre-printed check stock, the process of looking for check gaps was discontinued by the Claims Auditor. The District will request that the Claims Auditor add this step back to his process going forward, and that any check gaps be immediately reported to the District Treasurer.

2017-7 Debt Premium and Cash Held with Fiscal Agent

In the year ended June 30, 2016, the District did an advance refunding of certain bonds resulting in an in substance defeasance with the use of the premium on the new bond issuance being used to fund certain remaining principal payments. A portion of the funds generated are being held with a fiscal agent.

We recommend in the District's 2017-2018 year, an analysis be performed on the status of the funds held in escrow and commence amortization of the debt premium as a reduction of interest expense in the full accrual financial statements.

District Response: The District concurs. The District Treasurer will create a new ongoing process to review funds held in escrow for debt issuances.

PRIOR YEAR COMMENTS

2016-1 Accounts Payable Procedures

As part of our audit of accounts payable, we noted that the accounts payable clerk is not consistently marking the invoices with a stamp which would indicate "verified by accounts payable". While in some cases there were other indications of verification, this was not always the case. We also noted instances of final processed purchase orders not having invoice support.

We recommend that the accounts payable clerk consistently stamp invoices showing proper verification. This will ensure proper approval in accordance with the District's accounts payable procedures. We also recommend the final purchase order packages include all the proper components which would include the invoice for payment.

Management's Response: The District concurs. The District Treasurer will review the process with the Accounts Payable team to reiterate the importance of this step.

Status: Resolved.

2016-2 Accounts Payable Warrants

We noted two instances where the detail accounts payable warrants were not signed off by the District Treasurer. This occurred in the capital projects fund and the special aid fund.

We recommend that the District Treasurer review and sign off on all warrants in accordance with District policy. One way to help with this procedure would be for the accounts payable clerk to obtain this signature before filing the warrant away.

Management's Response: The District Treasurer will review with Accounts Payable Clerks to reinforce the importance of obtaining the District Treasurer signature before filing.

Status: Resolved.

2016-3 General Review of Work Papers

During the audit fieldwork there were certain instances of workpapers being incomplete or containing errors. For example, the payroll expense reconciliation was off a fairly large amount due to formula errors. We were given incomplete trial balances to start the audit, which were updated subsequently due to certain accounts being finalized after our fieldwork started. The special aid fund had an initial fund balance of approximately \$72,000 and it should have been a break even.

We understand that this was a transition year for the District Treasurer position and we are confident that these issues will be short term in nature as we have the utmost confidence in her and the accounting department. We recommend, to the best of the District's ability, to have all workpapers prepared and reviewed before given to us. We feel that the District and our firm have the same goal, for the audit to run as smooth and efficiently as possible.

Management's Response: The District concurs with this finding. Historically, the Business Office has not had documentation of year-end processes and procedures. Also, this was the first year using the new accounting software, which had different internal processes for certain actions that were done differently in the prior system. During the year-end close and audit process, the District Treasurer maintained a list of items that were prepared and processes that were completed within the system. This will be used to create an official year end checklist that will be followed each year, mitigating risk of missing steps regardless of turnover in key positions. The District Treasurer will also ensure that workpapers created by other staff members are reviewed prior to release to the audit team.

Status: Resolved.

2016-4 Annual Salary Notices

We noted that the 2015-2016 salary notices were not distributed to the employees or maintained on file, but were able to be generated again during our payroll testing. We understand that this was also a transition year for the District's general ledger software which was the main reason the notices were not produced. We recommend that the District produce and distribute salary notices to all employees as they have in years past. This allows the employee to check over financial information for accuracy and inquire of the District if necessary. We also recommend that the notices be maintained on file in paper or electronic format.

Management's Response: The District concurs. The Assistant Superintendent for Finance and Operations and the District Treasurer will work with the Human Resources department to ensure that notices are issued going forward.

Status: Resolved.

2016-5 Accounts Receivable – General Fund

In testing accounts receivable there were instances where the District could not support the transaction recorded. Approximately \$119,000, or 21% of the account balance, is older than one year.

We recommend that accounts receivable be periodically reviewed for accuracy and also for any stale items that might need to be written off or accounted for. This will help ensure accurate financial reporting for the District.

Management's Response: The District concurs. The District Treasurer will work with the Business Team staff to generate standard communication on the outstanding balances to clear them. The aging report will be reviewed by the District Accountant on a monthly basis and the Treasurer on a quarterly basis to escalate any issues. Any potential write-offs will be approved by the Assistant Superintendent for Finance and Operations.

Status: Resolved.

We would like to express our gratitude for the efforts and professionalism provided by District management and finance personnel in assisting us in the timely completion of our audit. This information is intended solely for the use of the District's Board and management of the Shenendehowa Central School District at Clifton Park and is not intended to be and should not be used by anyone other than these specific parties.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 25, 2017