

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

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE YEAR ENDED JUNE 30, 2018

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
COMPREHENSIVE 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, 2018. 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 2017-18 year with the following:

- an increase in restricted reserve funds of \$.4 million, mainly due to an increase in the capital reserve fund, offset by a reduction in the employee benefit reserve.
- an increase in net investment in capital assets, net of related debt of \$4.9 million, due to reducing the District's outstanding long term debt.
- a decrease in unrestricted net assets of \$215.2 million, primarily due to a \$206.9 million increase in postemployment benefits.

Property tax revenue increased by \$3.0 million in 2017-2018. This represents an increase in tax revenue of 2.1% over 2016-2017, with a true value tax rate increase of .16%. An average annual tax base increase of 1.66% 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.

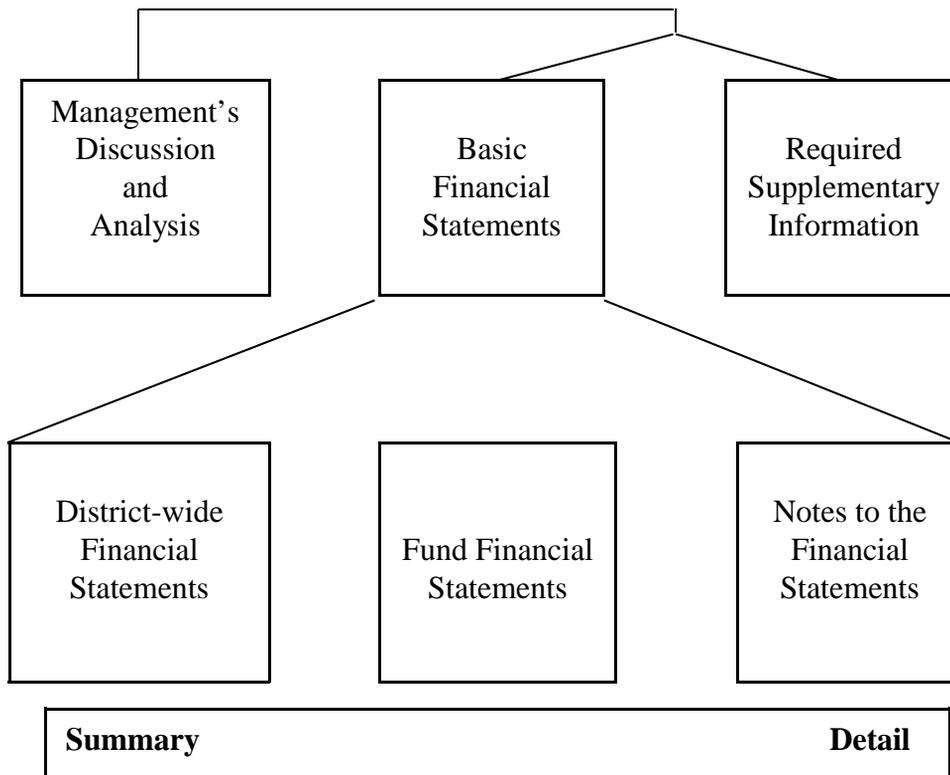
SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED)(CONTINUED)
JUNE 30, 2018*

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, 2018*

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, 2018

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 \$215.2 million from \$(10.4) million to \$(225.6) million. This is mainly due to the increased post-employment benefit costs of \$206.9, offset by a reduction in long term capital debt and net pension assets.

Total assets increased \$12.3 million, or 6.75%. Current and other assets increased \$14.2 million due mainly to an increase in cash. Capital assets decreased \$3.0 million as a result of a net increase in total capital assets of \$5.3 million offset by \$8.3 million in net disposals and depreciation cost.

Total liabilities increased by \$200.1 million, or 105%. This is mainly from a \$206.9 million increase in postemployment benefits. The short term portion increased \$10.7 million due to an increase in Bond Anticipation Notes of \$11.2 million and decreases in Teachers Retirement System and other short term liabilities. The increase in the long term debt is mainly due to increases in the postemployment benefits liability of \$206.9 million offset by reductions in bonds payable of \$8.8 million for various capital projects and net pension liability of \$8.8 million. 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 \$.4 million compared to 2016-17 due mainly to an increase in the capital reserve, offset by adjustments that reduced the employee benefits reserve and workers' compensation reserve.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2018

The Tax Certiorari Reserve includes estimates to fund property tax claims filed against the District. The District utilized funds in 2017-18 in the amount of \$90,691 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 2017-18.

The Workers Compensation Reserve balance was decreased by \$578,306 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 2017-18 as well as for the 2018-2019 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 2017-18, and reappropriated \$.66 million as a resource in the 2018-19 budget year. The District also reduced the reserve by \$699,884 to adjust for the impact based on current salary rates.

The District established a Capital Reserve in 2016-17. The District added \$1.6 million to this reserve in the 2017-18 year, as well as \$1.1 million from the sale of land in 2017-2018. The District reappropriated \$1.5 million of this reserve as part of the voter approved capital referendum in December 2017, authorizing use of the capital reserve toward the \$22 million capital project.

The business activities of the District represent a very small percent of the District's net assets.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Current and other assets	\$ 65,946	\$ 51,772	\$ 239	\$ 235	\$ 66,185	\$ 52,007	27.3%
Capital assets	<u>81,763</u>	<u>84,802</u>	<u>-</u>	<u>-</u>	<u>81,763</u>	<u>84,802</u>	(3.6%)
Total assets	<u>147,709</u>	<u>136,574</u>	<u>239</u>	<u>235</u>	<u>147,948</u>	<u>136,809</u>	8.1%
Deferred outflows	<u>47,255</u>	<u>46,053</u>	<u>-</u>	<u>-</u>	<u>47,255</u>	<u>46,053</u>	2.6%
Long-term debt outstanding	364,474	176,174	-	-	364,474	176,174	106.9%
Other liabilities	<u>25,395</u>	<u>12,023</u>	<u>65</u>	<u>62</u>	<u>25,460</u>	<u>12,085</u>	110.7%
Total liabilities	<u>389,869</u>	<u>188,197</u>	<u>65</u>	<u>62</u>	<u>389,934</u>	<u>188,259</u>	107.1%
Deferred inflows	<u>30,893</u>	<u>4,999</u>	<u>-</u>	<u>-</u>	<u>30,893</u>	<u>4,999</u>	518.0%
Net position							
Invested in capital assets, net of related debt	48,184	43,240	-	-	48,184	43,240	11.4%
Restricted	25,352	24,924	-	-	25,352	24,924	1.7%
Unrestricted	<u>(299,334)</u>	<u>(78,733)</u>	<u>174</u>	<u>173</u>	<u>(299,160)</u>	<u>(78,560)</u>	(280.8%)
Total net position	<u>\$(225,798)</u>	<u>\$(10,569)</u>	<u>\$ 174</u>	<u>\$ 173</u>	<u>\$(225,624)</u>	<u>\$(10,396)</u>	(2,070.3%)

CHANGES IN NET POSITION FROM OPERATING RESULTS

The District experienced a decrease in net position of \$14.2 million in 2017-18, due to expenditures exceeding revenues. However, certain post-employment benefits of \$19.6 million and depreciation expense of \$7.1 million do not affect the District's budgetary appropriations.

The District's total revenue increased by 2.0%, or \$3.4 million, to a total of \$175.3 million (See Figure A-4). An increase in taxes accounted for \$2.4 million and an increase of \$1.1 million in state aid account for the majority of the balance of this increase.

Expenditures increased 4.8% or \$8.8 million to a total of \$190.2 million. The largest components of the increase occurred in employee benefits, with an increase of \$3.9 million from 2016-2017 and instructional costs, which increased by \$4.1 million. Benefits cost increases were driven mainly by increases in postemployment benefits. Instructional costs increased as a function of salary increases included in bargaining unit contracts and the addition of several staff throughout the year.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2018

Figure A-4

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Revenues							
Program revenues							
Charges for services	\$ 4,274	\$ 4,194	\$ 66	\$ 64	\$ 4,340	\$ 4,258	1.9%
Operating grants	3,940	3,812	-	-	3,940	3,812	3.4%
General revenues							
Property and other taxes	119,065	116,654	-	-	119,065	116,654	2.1%
State formula aid and EXCEL aid	47,391	46,300	-	-	47,391	46,300	2.4%
Other	<u>583</u>	<u>932</u>	<u>-</u>	<u>-</u>	<u>583</u>	<u>932</u>	(37.4%)
Total Revenues	<u>175,253</u>	<u>171,892</u>	<u>66</u>	<u>64</u>	<u>175,319</u>	<u>171,956</u>	2.0%
Expenses							
General Support	15,509	14,242	-	-	15,509	14,242	8.9%
Instruction	88,144	84,050	-	-	88,144	84,050	4.9%
Pupil transportation	9,947	9,297	65	63	10,012	9,360	7.0%
Employee benefits	64,675	60,751	-	-	64,675	60,751	6.5%
Interest expense	1,508	1,765	-	-	1,508	1,765	(14.6%)
Other expense	18	8	-	-	18	8	129.5%
School lunch program	3,231	3,214	-	-	3,231	3,214	0.5%
Depreciation -							
- unallocated	<u>7,121</u>	<u>8,033</u>	<u>-</u>	<u>-</u>	<u>7,121</u>	<u>8,033</u>	(11.4%)
Total Expenses	<u>190,153</u>	<u>181,360</u>	<u>65</u>	<u>63</u>	<u>190,218</u>	<u>181,423</u>	4.8%
Other Financing Uses/ Sources	<u>(325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(325)</u>	<u>-</u>	100.0%
Prior Period Adjustment	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	(100.0%)
Sale of Land	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008</u>	<u>-</u>	100.0%
Increase (Decrease) in Net Position	<u>\$ (14,217)</u>	<u>\$ (9,485)</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (14,216)</u>	<u>\$ (9,484)</u>	49.9%

Figure A-5

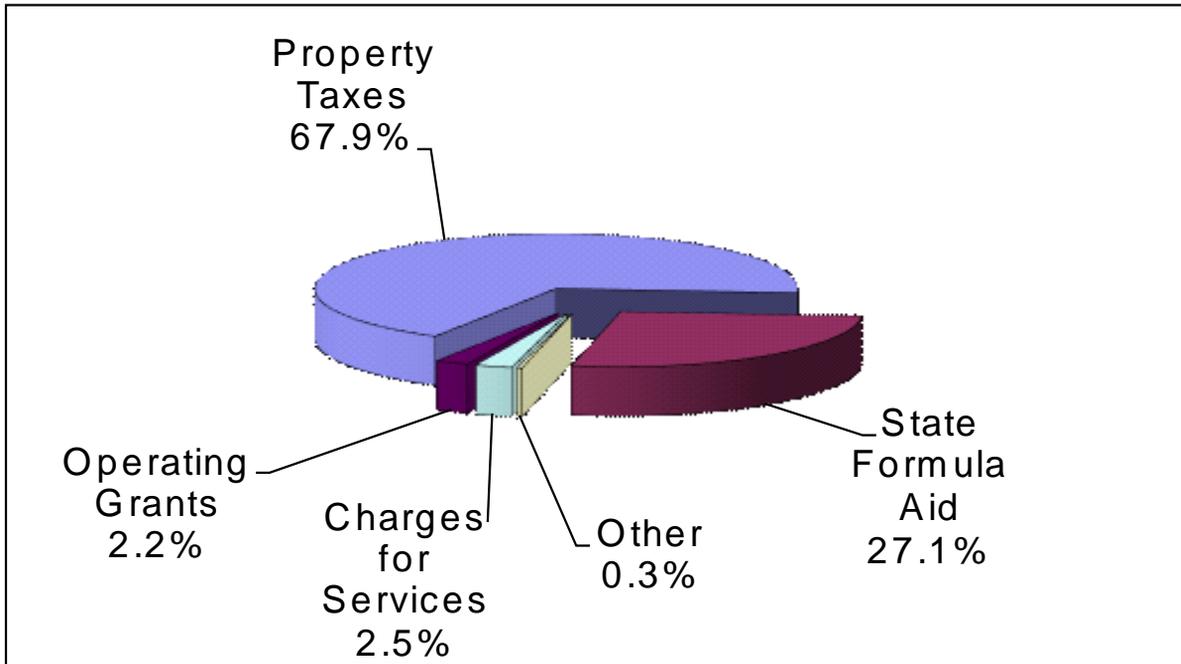
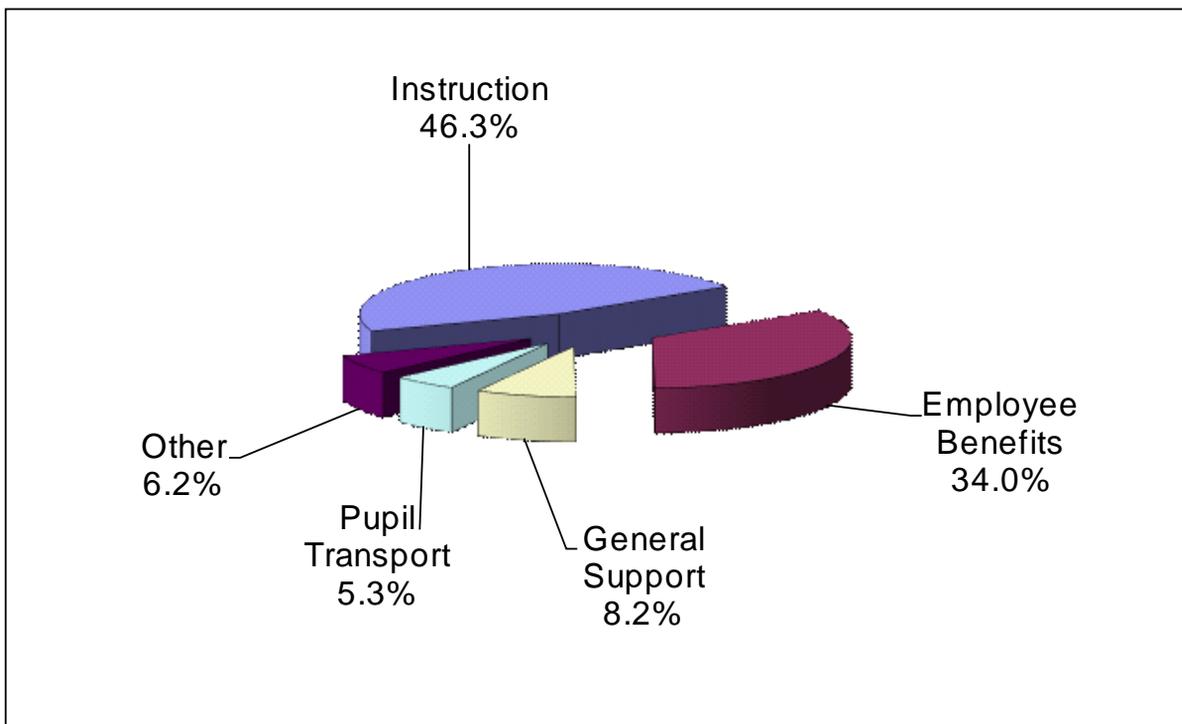


Figure A-6



SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2018

GOVERNMENTAL ACTIVITIES

The total net cost of all programs increased \$8.6 million or 5.01%. 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 \$3.9 million in state and federal grants, \$4.3 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>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
General support	\$ 15,509	\$ 14,242	8.9%	\$ 14,932	\$ 13,836	7.9%
Instruction	88,144	84,050	4.9%	83,770	79,672	5.1%
Pupil transportation	9,947	9,297	7.0%	9,946	9,297	7.0%
Employee benefits	64,675	60,751	6.5%	64,675	60,751	6.5%
Interest expense	1,508	1,765	(14.6%)	1,508	1,765	(14.6%)
Other expenses	18	8	125%	18	8	125%
School lunch program	3,231	3,214	0.5%	(32)	(7)	357.1%
Depreciation - unallocated	7,121	8,033	(11.4%)	7,121	8,033	(11.4%)
Total	<u>\$ 190,153</u>	<u>\$181,360</u>	4.8%	<u>\$ 181,938</u>	<u>\$173,355</u>	5.0%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District completed the year with its governmental funds reporting combined fund balances of \$40.2 million, which is a \$.98 million increase from 2016-17. The General Fund reported a fund balance of \$33.0 million, or an increase of \$0.1 million over 2016-17. The Non-Major Fund reported a fund balance of \$7.2 million, which is an increase of \$0.9 million from 2016-17. The increase in the Non-Major Fund equity is primarily the result of the reduction of long term debt as the District transferred excess funds from the general fund to purchase buses outright rather than borrowing \$2.2 million.

General Fund Budgetary Highlights

The General Fund ended the year expending 98.95% of the budget and realizing just over 100% of revenues, resulting in an unassigned fund balance of approximately \$6.8 million. This represents 3.94% 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, 2018*

Expenditures

The cost of programs and services (including encumbrances) was approximately \$1.9 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 \$.74 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 \$4.03 million less than budgeted. Approximately \$2.9 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 decrease average was .75%. 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. The District's benefits' broker negotiated deeper discount arrangements with the current Pharmacy Benefit Manager through the end of 2018 and the District began participating in a consortium prescription program through BOCES. Retirement and social security costs were under budget by approximately \$1.1 million combined, due to the savings realized in the cost of salaries.
- Utility costs were \$.70 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 reduce long-term bond borrowings by utilizing \$2.4 million of budgetary savings toward the purchase of 23 school vehicles approved by the voters in 2018.

Revenues

The District recognized just over 100% of revenue budgeted. The excess revenue resulted from the sale of land to the Town of Clifton Park for \$1.1 million. The District also experienced an increase in state aid of \$0.3 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 approximately \$153,000 more than in 2016-17.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2018

School Lunch Fund

The fund balance of the School Lunch Fund increased by \$33,295 in 2017-18. This was a result of an increase in federal reimbursements of approximately \$43,000 offset by an increase in expenditures of approximately \$17,000 from 2016-17.

Community Service Fund

The fund balance of the Community Services Fund increased by \$80,290 in 2017-18 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 \$81.8 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 \$3.0 million from 2016-17. This is due to the acquisitions and adjustments of approximately \$5.3 million, \$1.1 million of dispositions and adjustments, and \$8.2 million of depreciation expense net of disposals. Of the additions, \$1.8 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
	2018	2017	
Land	\$ 822	\$ 913	(10.0%)
Construction in progress	2,380	586	306.1%
Buildings	74,018	74,017	0.0%
Equipment and furniture	4,543	9,286	(51.1%)
Total	<u>\$ 81,763</u>	<u>\$ 84,802</u>	(3.6%)

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, 2018

Long-Term Debt Account Group

At year-end, the District held \$365.5 million in general obligation bonds and other long term debt outstanding. This represents an increase of approximately \$186.6 million or 106% over the prior year. The change is comprised primarily of the following:

- Repayment of general obligation debt of \$8.8 million
- Additional accrual for postemployment benefits of \$206.9 million
- Reduction of \$8.8 million in net pension liability.

Figure A-9

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

	Total School District		Percentage Change
	<u>2018</u>	<u>2017</u>	
General obligation bonds and notes (financed with property taxes)	\$ 34,990	\$ 43,824	(20.2%)
Other general obligation debt	327,818	120,888	171.2%
Net pension liability	<u>2,659</u>	<u>11,462</u>	(76.8%)
Total	<u>\$ 365,467</u>	<u>\$ 176,174</u>	107.4%

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 2012-2013 fiscal year, the CDRPC's reports indicated growth over the next 5 years of almost 300 students. The report dated November 2017 projected stable enrollments over the next 5 years. CDRPC also noted that the Global Foundries Semiconductor Manufacturing Facility in Malta, as well as the supporting industries that have been building in the area, will likely continue to drive some diverse student population into 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, 2018*

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 recently sold a portion of unused land near the Shatekon School to the Town of Clifton Park for park land use. The District received \$1.1 million in 2017-2018 from the town and will 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 is in the process of renovating the library at the high school to update the space to accommodate 21st century learners with appropriate technology. Playground spaces at all elementary schools were updated during the summer of 2018 to meet ADA standards. A district-wide signage plan approved by the Board of Education in January 2016 will also be completed with this project.

In December of 2017, the voters approved a \$22 million capital project that will update the technology, art and science wing at the high school. In addition, the District plans to improve the traffic pattern with additional roadway improvements. The kitchen and cafeteria spaces will be updated at the high school and security and phone systems will be improved utilizing roughly \$3.9 million of the Smart Schools Bond Act (SSBA) funding.

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:
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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, 2018 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, 2018, 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 64-68 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District adopted new guidance for reporting other postemployment benefits which resulted in a restatement to the July 1, 2017 net position. Our opinion is not modified with respect to this matter.

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 69-74 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 79 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 69-74 and the schedule of expenditures of federal awards on page 79 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 October 1, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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. To the right of the signature is a vertical line.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 1, 2018

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Current Assets:			
Unrestricted Cash	\$ 32,819,503	\$ 232,755	\$ 33,052,258
Restricted Cash	25,214,210	-	25,214,210
Cash Held with Fiscal Agent	397,477	-	397,477
Accounts Receivable	557,219	5,875	563,094
Taxes Receivable	606	-	606
Prepaid Expenses	1,658	-	1,658
Due from Business-Type Activities	64,844	-	64,844
Due from Fiduciary Funds	33,983	-	33,983
State and Federal Aid Receivable	2,606,156	-	2,606,156
Due from Other Governments	1,236,839	-	1,236,839
Inventories	<u>120,796</u>	<u>-</u>	<u>120,796</u>
Total Current Assets	63,053,291	238,630	63,291,921
Capital Assets, Net	81,763,152	-	81,763,152
Net Pension Asset	<u>2,893,143</u>	<u>-</u>	<u>2,893,143</u>
Total Assets	147,709,586	238,630	147,948,216
Deferred Outflows, Pension	<u>47,254,908</u>	<u>-</u>	<u>47,254,908</u>
Total Assets and Deferred Outflows	<u>\$ 194,964,494</u>	<u>\$ 238,630</u>	<u>\$ 195,203,124</u>

LIABILITIES AND DEFERRED INFLOWS

Current Liabilities:			
Accounts Payable	\$ 1,361,983	\$ -	\$ 1,361,983
Accrued Liabilities	1,219,736	-	1,219,736
Bond Anticipation Note Payable	11,200,000	-	11,200,000
Due to Other Governments	2,297	-	2,297
Accrued Interest	269,054	-	269,054
Due to Governmental Funds	-	64,844	64,844
Unearned Revenue	980,675	-	980,675
Due to Teachers' Retirement System	6,619,516	-	6,619,516
Due to Employees' Retirement System	1,083,658	-	1,083,658
Long-Term Liabilities - Due and Payable Within One Year			
Bonds	<u>7,700,000</u>	<u>-</u>	<u>7,700,000</u>
Total Current Liabilities	30,436,919	64,844	30,501,763
Long-Term Liabilities			
Bonds	27,290,000	-	27,290,000
Bond Premium	1,665,304	-	1,665,304
Compensated Absences	12,341,263	-	12,341,263
Postemployment Benefits	315,016,791	-	315,016,791
Judgments and Claims	460,471	-	460,471
Net Pension Liability	<u>2,658,632</u>	<u>-</u>	<u>2,658,632</u>
Total Liabilities	389,869,380	64,844	389,934,224
Deferred Inflows, Pension and Other Postemployment Benefits	<u>30,893,103</u>	<u>-</u>	<u>30,893,103</u>
Total Liabilities and Deferred Inflows	<u>420,762,483</u>	<u>64,844</u>	<u>420,827,327</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	48,183,606	-	48,183,606
Restricted	25,352,491	-	25,352,491
Unrestricted	<u>(299,334,086)</u>	<u>173,786</u>	<u>(299,160,300)</u>
Total Net Position	<u>(225,797,989)</u>	<u>173,786</u>	<u>(225,624,203)</u>
 Total Liabilities, Deferred Inflows and Net Position	 <u>\$ 194,964,494</u>	 <u>\$ 238,630</u>	 <u>\$ 195,203,124</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
General Support	\$ 15,509,258	\$ 577,186	\$ -	\$ (14,932,072)	\$ -	\$ (14,932,072)
Instruction	88,144,462	577,898	3,796,073	(83,770,491)	-	(83,770,491)
Pupil Transportation	9,946,070	-	-	(9,946,070)	-	(9,946,070)
Community Service	18,356	-	-	(18,356)	-	(18,356)
Employee Benefits	64,674,545	-	-	(64,674,545)	-	(64,674,545)
Debt Service - Interest	1,508,087	-	-	(1,508,087)	-	(1,508,087)
Depreciation and Loss on Disposal - Unallocated (Includes Direct Expense of Various Functions and Programs)	7,120,561	-	-	(7,120,561)	-	(7,120,561)
School Lunch Program	3,230,615	3,119,069	143,794	32,248	-	32,248
Total Governmental Activities	<u>190,151,954</u>	<u>4,274,153</u>	<u>3,939,867</u>	<u>(181,937,934)</u>	<u>-</u>	<u>(181,937,934)</u>
Business-Type Activities:						
Transportation	64,843	65,960	-	-	1,117	1,117
Total Business-Type Activities	<u>64,843</u>	<u>65,960</u>	<u>-</u>	<u>-</u>	<u>1,117</u>	<u>1,117</u>
Total Primary Government	<u>\$ 190,216,797</u>	<u>\$ 4,340,113</u>	<u>\$ 3,939,867</u>	<u>\$ (181,937,934)</u>	<u>1,117</u>	<u>(181,936,817)</u>
General Revenues						
Real Property Taxes				106,049,680	-	106,049,680
Other Tax Items				13,014,906	-	13,014,906
Use of Money and Property				33,727	-	33,727
Sale of Property and Compensation for Loss				135,505	-	135,505
State Sources				47,390,593	-	47,390,593
Federal Sources				174,021	-	174,021
Miscellaneous				239,963	-	239,963
Total General Revenues				<u>167,038,395</u>	<u>-</u>	<u>167,038,395</u>
Other Financing Sources (Uses)						
Reduction in Cash Held by Escrow Agent				(866,678)	-	(866,678)
Premium on Bond Refunding				541,576	-	541,576
Total Other Financing Sources (Uses), Net				<u>(325,102)</u>	<u>-</u>	<u>(325,102)</u>
Special Item (See Note 7C)						
Gain on the Sale of Land				1,008,196	-	1,008,196
Change in Net Assets				(14,216,445)	1,117	(14,215,328)
Total Net Assets - Beginning of Year				(10,568,601)	172,669	(10,395,932)
Restatement of Beginning Balance - GASB 75				(201,012,943)	-	(201,012,943)
Total Net Position - End of Year				<u>\$ (225,797,989)</u>	<u>\$ 173,786</u>	<u>\$ (225,624,203)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Unrestricted Cash	\$ 17,741,368	\$ 15,078,135	\$ 32,819,503
Restricted Cash	22,006,199	3,208,011	25,214,210
Accounts Receivable	489,107	68,112	557,219
Prepaid Expenses	-	1,658	1,658
Taxes Receivable	606	-	606
Due from Other Funds	2,133,481	2,655,965	4,789,446
Due from State and Federal	1,523,218	1,082,938	2,606,156
Due from Other Governments	1,236,839	-	1,236,839
Inventories	-	120,796	120,796
Total Assets	<u>\$ 45,130,818</u>	<u>\$ 22,215,615</u>	<u>\$ 67,346,433</u>
Liabilities:			
Accounts Payable	\$ 723,487	\$ 638,496	\$ 1,361,983
Accrued Liabilities	1,209,176	10,560	1,219,736
Bond Anticipation Notes	-	11,200,000	11,200,000
Due to Other Funds	2,517,397	2,173,223	4,690,620
Due to Other Governments	-	2,297	2,297
Due to Teachers' Retirement System	6,619,516	-	6,619,516
Due to Employees' Retirement System	1,083,658	-	1,083,658
Prepaid Revenues	-	157,108	157,108
Unearned Revenues	550	823,017	823,567
Total Liabilities	<u>12,153,784</u>	<u>15,004,701</u>	<u>27,158,485</u>
Fund Balance:			
Restricted for:			
Employee Benefits and Accrued Liabilities	10,300,116	-	10,300,116
Debt	-	3,342,650	3,342,650
Repairs	-	3,642	3,642
Workers' Compensation	460,471	-	460,471
Retirement Contributions	4,092,256	-	4,092,256
Capital Outlay	4,200,000	-	4,200,000
Tax Certiorari	2,953,356	-	2,953,356
Non-Spendable:			
Inventories and Prepaid Expenses	-	122,454	122,454
Assigned for:			
General Support	251,954	-	251,454
Instruction	917,628	31,477	949,105
Pupil Transportation	28,943	-	28,943
Community Service	-	23,245	23,245
Employee Benefits	24,500	-	24,500
Capital Outlay	-	10,385,454	10,385,454
Unreserved:			
Deficit	-	(7,377,910)	(7,377,910)
Designated for Subsequent Year's Expenditures	2,910,000	-	2,910,000
Undesignated	6,837,810	679,902	7,517,712
Total Fund Balance	<u>32,977,034</u>	<u>7,210,914</u>	<u>40,187,948</u>
Total Liabilities and Fund Balance	<u>\$ 45,130,818</u>	<u>\$ 22,215,615</u>	<u>\$ 67,346,433</u>

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

Total governmental fund balances per above	\$ 40,187,948
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,763,152
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.	(47,791,733)
Bond premiums, not due and payable in the current period and therefore are not reported in the funds full accrual accounting.	(1,665,304)
Cash held with fiscal agent from advanced refunding.	397,477
Interest payable at June 30, 2018 is reported in the District-wide statements under full accrual accounting.	(269,054)
Other postemployment benefit liability is recognized as a liability under full accrual accounting.	(315,016,791)
Net pension and OPEB assets, net of deferred outflows, inflows and net liability	16,596,316
Net position of governmental activities	<u>\$ (225,797,989)</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, 2018

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Real Property Taxes	\$ 106,049,680	\$ -	\$ 106,049,680
Other Tax Items	13,014,906	-	13,014,906
Charges for Services	285,385	869,699	1,155,084
Use of Money and Property	23,466	10,261	33,727
Premium on Obligations Issued	-	685,180	685,180
Sale of Property and Compensation for Loss	1,143,701	-	1,143,701
State Sources	47,390,593	1,207,887	48,598,480
Federal Sources	174,021	3,596,297	3,770,318
Sales	-	2,254,752	2,254,752
Miscellaneous	154,130	85,831	239,961
	<u>168,235,882</u>	<u>8,709,907</u>	<u>176,945,789</u>
Total Revenues			
Expenditures:			
General Support	14,830,788	1,432,296	16,263,084
Instruction	83,982,853	4,161,609	88,144,462
Pupil Transportation	9,563,184	382,886	9,946,070
Community Services	18,356	-	18,356
Employee Benefits	43,937,494	998,850	44,936,344
Debt Service			
Principal	-	8,698,700	8,698,700
Interest	-	1,566,550	1,566,550
Other	-	8,002,455	8,002,455
Cost of Sales	-	1,324,580	1,324,580
Capital Outlay	-	4,536,862	4,536,862
	<u>152,332,675</u>	<u>31,104,788</u>	<u>183,437,463</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>15,903,207</u>	<u>(22,394,881)</u>	<u>(6,491,674)</u>
Other Financing Sources (Uses):			
Proceeds from Advanced Refunding	-	7,470,000	7,470,000
Operating Transfers In	-	15,843,290	15,843,290
Operating Transfers Out	(15,843,290)	-	(15,843,290)
	<u>(15,843,290)</u>	<u>23,313,290</u>	<u>7,470,000</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	59,917	918,409	978,326
Fund Balance - Beginning of Year	<u>32,917,117</u>	<u>6,292,505</u>	<u>39,209,622</u>
Fund Balance - End of Year	<u>\$ 32,977,034</u>	<u>\$ 7,210,914</u>	<u>\$ 40,187,948</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, 2018

Net changes in fund balance - total governmental funds.	\$ 978,326
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net assets.	5,329,646
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(8,264,288)
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.	8,698,700
Net loss 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.	(103,727)
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 2017-2018 year results in less expense.	58,463
Net proceeds of serial bond principal is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position assets.	(7,470,000)
Payments to escrow agent are considered as an other debt service expenditure in governmental funds but are not reflected in the statement of activities.	8,002,455
Premium on bond refunding that occurred in 2017/2018 recognized as revenue in governmental financial statements but amortized over 10 years for full accrual statements.	(547,755)
Premium amortization for prior and current refunding recognized as revenue in full accrual statements.	404,151
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	(19,576,321)
Change 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.	(40,500)
Changes in cash held by escrow agent on prior year advance refundings are not reflected in governmental funds but are reflected in statement of activities under full accrual accounting.	(866,678)
Changes in net pension costs are not reflected in governmental funds but are reflected in the statement of activities under full accrual accounting.	<u>(818,917)</u>
Change in net position - governmental activities.	<u>\$ (14,216,445)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2018

ASSETS

Current Assets

Unrestricted Cash	\$ 232,755
Other Receivables, Net	<u>5,875</u>
Total Assets	<u>\$ 238,630</u>

LIABILITIES

Current Liabilities

Due to Governmental Funds	\$ <u>64,844</u>
Total Liabilities	<u>64,844</u>

NET ASSETS

Unrestricted	<u>173,786</u>
Total Liabilities and Net Assets	<u>\$ 238,630</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, 2018

REVENUES

Charges for Services \$ 65,960

Total Revenues 65,960

EXPENSES

Salaries, Wages, and Fringe Benefits 14,830

Materials and Supplies 50,013

Total Expenses 64,843

NET INCOME

1,117

Net Position - Beginning of Year 172,669

Net Position - End of Year \$ 173,786

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 65,173
Cash Payments to/from Other Funds	<u>(62,082)</u>
Net Cash Provided by Operating Activities	<u>3,091</u>

Net Increase in Cash 3,091

Unrestricted Cash - Beginning of Year 229,664

Unrestricted Cash - End of Year \$ 232,755

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

Net Income from Operations \$ 1,117

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

Decrease in Accounts Receivable	(787)
Increase in Interfund Payables	<u>2,761</u>

Net Cash Provided by Operating Activities \$ 3,091

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
 STATEMENT OF NET POSITION AND STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 JUNE 30, 2018

	<u>Agency</u>	<u>Private-Purpose Trusts</u>
ASSETS		
Cash - Unrestricted	\$ 829,655	\$ -
Cash - Restricted	524,299	399,706
Due from Other Funds	<u>25</u>	<u>-</u>
Total Assets	<u>\$ 1,353,979</u>	<u>\$ 399,706</u>
LIABILITIES		
Extraclassroom Activity Balances	\$ 524,299	\$ -
Due to Other Funds	33,983	25
Other Liabilities	<u>795,697</u>	<u>-</u>
Total Liabilities	<u>\$ 1,353,979</u>	<u>25</u>
NET POSITION		
Restricted for Scholarships		<u>\$ 399,681</u>

		<u>Private-Purpose Trusts</u>
ADDITIONS		
Gifts and Contributions		\$ 31,118
Investment Earnings		<u>94</u>
Total Additions		31,212
DEDUCTIONS		
Scholarships and Awards		<u>40,072</u>
Change in Net Position		(8,860)
Net Position - Beginning of Year		<u>408,541</u>
Net Position - End of Year		<u>\$ 399,681</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 82 through 89 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, 2018, the District was billed \$5.4 million for BOCES administrative and program costs. In the same period, the District reported \$2.3 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 Net Position presents the financial position of the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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. All remaining governmental funds are aggregated and reported as non-major funds.

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. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

II. Proprietary Fund Types (Continued)

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.

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. 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 reports 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 reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an 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 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, 2017 and became a lien in November 2017. Taxes were collected during the period September 1, 2017, to November 1, 2017.

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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

M. 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.

N. 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.

O. 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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications (Continued)

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 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, 2018.

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, 2018.

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, 2018 there was a cumulative \$11,663,201 in non-restricted encumbrances of which \$1,223,025 and \$10,440,176 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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications (Continued)

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.

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications (Continued)

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.

P. 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 814 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 2018 by recording \$3,015,787, its share of health and drug insurance premiums for currently enrolled retirees, as an expenditure in fiscal year 2018. See Note 5 BII for additional information on the implementation of GASB Statement 75 in the District-wide financial statements.

Q. 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.

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, 2018, was \$460,471.

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, 2018, 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, 2018

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:

	2018			2017		
	Workers' Comp	Dental	Prescription Drug	Workers' Comp	Dental	Prescription Drug
Unpaid claims and claim adjustment expenses at beginning 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>
Included claims and claim adjustment expenses:						
Provision for incurred claims expense for events of the current year	51,639	1,054,673	6,715,141	408,717	1,052,522	6,916,305
Increase (decrease) in provision for incurred events of prior years	<u>3,451</u>	<u>(22,554)</u>	<u>(23,755)</u>	<u>29,544</u>	<u>(9,680)</u>	<u>43,883</u>
Total incurred claims and claim adjustment expenses	<u>55,090</u>	<u>1,032,119</u>	<u>6,691,386</u>	<u>438,261</u>	<u>1,042,842</u>	<u>6,960,188</u>
Payments made for claims during the current year	<u>(629,945)</u>	<u>(1,063,040)</u>	<u>(6,715,141)</u>	<u>(566,870)</u>	<u>(1,060,942)</u>	<u>(6,916,305)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 1,059,433</u>	<u>\$ 13,279</u>	<u>\$ 20,128</u>	<u>\$ 1,634,288</u>	<u>\$ 44,200</u>	<u>\$ 43,883</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 the following current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the year ended June 30, 2018: GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81, *Split Interest Agreements*, GASB Statement No. 85, *Omnibus*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 83 - *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019, GASB Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2020, GASB Statement No. 87, *Leases*, effective for the year ending June 30, 2021 and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019.

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 October 1, 2018, 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, 2018

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	\$ 227,482,146
Accumulated depreciation	<u>145,718,994</u>
Capital assets, net	<u>\$ 81,763,152</u>
Net Pension Asset	<u>\$ 2,893,143</u>
Deferred outflows of resources, pensions	<u>\$ 47,254,908</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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	\$ 34,990,000
Bond premiums	\$ 1,665,304
Compensated absences payable	\$ 12,341,263
Postemployment benefits payable	\$ 315,016,791
Workers' compensation liability	\$ 460,471
Deferred inflows of resources, pensions	\$ 30,893,103
Net pension liability	\$ 2,658,632

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 \$3,015,787 were less than the amounts incurred of \$8,892,860. Also, compensated absences (vacations used) were less than the amounts incurred by \$23,297, while workers' compensation costs paid were less than the amounts incurred by \$17,205.

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 \$7,120,561 and the net loss on assets disposals of \$1,247,454 were more than capital expenditures of \$5,329,646 in the current year.

Pension expense under GASB 68 results in an additional expense of \$818,917 in the Statement of Activities.

Repayments of bond principal of \$8,698,700 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, \$7,470,000 in proceeds of bonding are revenue in the governmental funds but are reflected as liabilities under full accrual accounting. In addition, premiums earned on new bond issuances of \$547,755 is revenue in the governmental funds but are reflected as liabilities under full accrual accounting. Premium amortization on bond issuances is recognized as revenue under full accrual accounting. The net transfer to fiscal agent of \$866,678 on the bond issuance is an expense in the governmental funds but is an asset in the statement of net position.

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 \$58,463.

3. CHANGE IN ACCOUNTING PRINCIPLE AND NET POSITION RESTATEMENT

For the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB. See Note 5B II for the financial statement impact of the implementation of the statement. Adoption of this statement resulted in a decrease to the July 1, 2017 net position of \$201,012,943 from \$(10,395,932) to \$(211,408,875).

4. 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 - \$(2,752,846)

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.

5. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

1. Cash

The District's aggregate bank balances 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, 2018 were \$61,963,048. 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. Investment and Deposit Policy

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

3. Interest Rate Risk

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

4. Credit Risk

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

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

5. Custodial Credit Risk

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

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

I. Cash and Investments (Continued)

5. Custodial Credit Risk

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

6. Investments

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value.

U.S. GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on level 1 of the hierarchy.

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

I. Cash and Investments (Continued)

6. Investments (Continued)

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and cash equivalents: Valued at cost plus accrued interest, which approximates fair market value.

Common stocks and mutual funds: Valued at the net assets value (NAV) of shares held at year end. The NAV is the closing price reported on the open market on which the securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

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.

7. Restricted Cash

General Fund

Restricted cash at June 30, 2018, consists of \$2,953,356 restricted for tax certiorari claims, \$460,471 restricted for workers' compensation insurance, \$4,092,256 for retirement contributions, \$10,300,116 for employee benefits accrued liability reserve and \$4,200,000 for capital outlay.

Debt Service

Restricted cash at June 30, 2018, consists of \$3,204,347 restricted for debt service.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

I. Cash and Investments (Continued)

7. Restricted Cash (Continued)

Capital Projects

Restricted cash at June 30, 2018, consists of \$3,664 restricted for capital project expenditures.

Fiduciary

Restricted cash and investments at June 30, 2018, consists of \$524,299 restricted for extraclassroom activity funds and \$399,706 restricted for scholarships.

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, 2018, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,133,481	\$ 2,517,397	\$ -	\$ 15,843,290
Special Aid Fund	21,427	1,962,044	407,988	-
School Lunch Fund	114,485	68,357	-	-
Community Services Fund	245	2,718	-	-
Debt Service Fund	138,303	-	10,700,000	-
Capital Funds	<u>2,381,505</u>	<u>140,103</u>	<u>4,735,302</u>	<u>-</u>
Total Governmental Activities	4,789,446	4,690,619	15,843,290	15,843,290
Fiduciary Funds	25	33,763	-	-
Extraclassroom	-	245	-	-
Enterprise Fund	<u>-</u>	<u>64,844</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,789,471</u>	<u>\$ 4,789,471</u>	<u>\$ 15,843,290</u>	<u>\$ 15,843,290</u>

III. Accounts Receivable

Accounts receivable at June 30, 2018, consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

III. Accounts Receivable (Continued)

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Tuition and miscellaneous	\$ 489,107
Community Service	Use of facilities fees	44,369
School Lunch	Miscellaneous	3,743
Special Aid Fund	Donation pledged	20,000
		<u>\$ 557,219</u>

IV. Capital Assets

Capital asset activity for the year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 913,494	\$ -	\$ (91,804)	\$ 821,690
Construction in process	<u>585,602</u>	<u>1,794,615</u>	<u>-</u>	<u>2,380,217</u>
Total nondepreciable capital assets	<u>1,499,096</u>	<u>1,794,615</u>	<u>(91,804)</u>	<u>3,201,907</u>
Capital assets that are depreciated:				
Buildings	189,617,266	2,027	-	189,619,293
Furniture and equipment	<u>32,016,275</u>	<u>3,800,321</u>	<u>(1,155,650)</u>	<u>34,660,946</u>
Total depreciable historical cost	<u>221,633,541</u>	<u>3,802,348</u>	<u>(1,155,650)</u>	<u>224,280,239</u>
Less accumulated depreciation:				
Buildings	115,600,958	-	-	115,600,958
Furniture and equipment	<u>22,730,158</u>	<u>8,531,605</u>	<u>(1,143,727)</u>	<u>30,118,036</u>
Total accumulated depreciation	<u>138,331,116</u>	<u>8,531,605</u>	<u>(1,143,727)</u>	<u>145,718,994</u>
Total depreciable capital assets, net	<u>83,302,425</u>	<u>(4,729,257)</u>	<u>(11,923)</u>	<u>78,561,245</u>
Total capital assets, net	<u>\$ 84,801,521</u>	<u>\$ (2,934,642)</u>	<u>\$ (103,727)</u>	<u>\$ 81,763,152</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.

5. 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.

5. 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>
2017-2018	\$ 3,586,989	\$ 6,147,157
2016-2017	\$ 3,209,327	\$ 6,992,117
2015-2016	\$ 3,733,203	\$ 7,562,164

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, 2018, the District reported a net pension asset of \$2,893,143 (TRS) and a net pension liability of \$2,658,532 (ERS) for its proportionate share of the net pension liability. The net pension liability (TRS) was measured as of June 30, 2017, and the net pension liability (ERS) was measured as of March 31, 2018. The District’s proportion of the net pension asset/liability was based on a projection of the District’s long-term share of contributions to the 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, 2018

5. 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, 2017	March 31, 2018
District's proportionate share of the net pension asset (liability)	\$2,893,143	(\$2,658,532)
District's portion of the Plan's total net pension liability	.380627%	.0823727%

For the year ended June 30, 2018, the District recognized pension expense of \$7,190,696 for TRS and \$3,646,716 for ERS.

At June 30, 2018, 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	\$ 2,380,346	\$ 948,212	\$ 3,328,558
Changes of Assumptions	29,438,291	1,762,826	31,201,117
Net difference between projected and actual earnings on pension plan investments	-	3,861,307	3,861,307
Changes in proportion and differences between employer contributions and proportionate share of contributions	246,185	1,233,942	1,480,127
Contributions made subsequent to the measurement date	<u>6,300,141</u>	<u>1,083,658</u>	<u>7,383,799</u>
	<u>\$ 38,364,963</u>	<u>\$ 8,889,945</u>	<u>\$ 47,254,908</u>

5. 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, 2018, 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	\$ 1,128,003	\$ 783,567	\$ 1,911,570
Net difference between projected and actual earnings on pension plan investments	6,814,188	7,621,833	14,436,021
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>733,354</u>	<u>112,910</u>	<u>846,264</u>
	<u>\$ 8,675,545</u>	<u>\$ 8,518,310</u>	<u>\$ 17,193,855</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, 2019	\$ 7,970,296
June 30, 2020	8,707,259
June 30, 2021	6,227,428
June 30, 2022	(412,970)
June 30, 2023	4,737,215
Thereafter	<u>2,831,825</u>
	<u>\$ 30,061,053</u>

Covered Payroll

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 64,522,029</u>	<u>\$ 26,520,916</u>

TRS Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The actuarial valuation used the following actuarial assumptions:

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

TRS Actuarial Assumptions (Continued)

Inflation rate	2.5%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5% compounded annually
Investment rate of return	7.25% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2014, applied on a generational basis. Active members mortality rates are based on plan member experience.

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

ERS Actuarial Assumptions

The total pension liability at June 30, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2017 valuation were as follows:

Inflation rate	2.5%
Salary increase	3.8%
Projected COLA	1.3%
Investment Rate of Return	7.0%

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

ERS Actuarial Assumptions (Continued)

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

Long-Term Expected Rate of Return

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for TRS and ERS are as follows:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	5.9%	4.55%
International equity	7.4%	6.35%
Real estate	4.3%	5.55%
Alternative investments	9.0%	- %
Domestic fixed income securities	1.6%	- %
Global fixed income securities	1.3%	- %
Mortgages	2.8%	1.31%
High-yield fixed income securities	3.9%	- %
Short-term	.6%	(.25%)
Private equity	- %	7.50%
Absolute return	- %	3.75%
Opportunistic portfolio	- %	5.68%
Real assets	- %	5.29%
Inflation - indexed bonds	- %	1.25%
Private equities	9.1%	7.51%

Discount Rate

The discount rate used to calculate the total pension liability was 7.25% for TRS and 7.0% 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.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

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 7.25% for TRS and 7.0% 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% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ 49,840,281	\$ 2,893,143	\$ (47,054,767)
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ 20,115,170	\$ (2,658,532)	\$ (12,109,086)

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, 2017	March 31, 2018
Employers' total pension liability	\$ (114,708,261)	\$ (183,400,590)
Plan fiduciary net position	<u>115,468,360</u>	<u>180,173,145</u>
Employers' net pension asset (liability)	\$ <u>760,099</u>	\$ <u>(3,227,445)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	<u>100.66%</u>	<u>98.24%</u>

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$6,619,516.

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, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$1,083,658 of employer contributions. Employee contributions are remitted monthly.

II. Other Postemployment Benefits (OPEB)

A. General Information about the OPEB Plan

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

Benefits Provided - The District provides healthcare and live insurance benefits for retirees and their dependants. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	708
Active employees	<u>1,656</u>
	<u><u>2,364</u></u>

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Other Postemployment Benefits (Continued)

B. Total OPEB Liability

The District's total OPEB liability of \$315,016,791 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
Salary Increases	10.47-3.2 percent, average, including inflation
Discount Rate	3.87 percent
Healthcare Cost Trend Rates	5.5 percent for 2018, decreasing to an ultimate rate of 3.84 percent for 2018 and later years
Retirees' Share of Benefit-Related Costs	45 percent of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20 Year Municipal Bond Index.

Mortality rates were based on the April 1, 2010 - March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP - 2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2017, as restated	<u>\$ 309,139,718</u>
 <u>Changes for the Year</u> -	
Service cost	13,336,627
Interest	11,013,219
Changes in assumptions or other inputs	(15,456,986)
Benefit payments	<u>(3,015,787)</u>
Net Changes	<u>5,877,073</u>
Balance at June 30, 2018	<u><u>\$ 315,016,791</u></u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Other Postemployment Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 5.0 percent in 2017 to 3.87 percent in 2018.

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>378,965,094</u>	\$ <u>315,016,791</u>	\$ <u>268,911,354</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5 percent) or 1 percentage point higher (6.5 percent) than the current healthcare care trend rate:

	<u>1% Decrease (4.50% Decreasing to 2.84%)</u>	<u>Healthcare Cost Trend Rates (5.50% Decreasing to 3.84%)</u>	<u>1% Increase (6.50% Decreasing to 4.84%)</u>
Total OPEB Liability	\$ <u>378,965,094</u>	\$ <u>315,016,791</u>	\$ <u>268,911,354</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$19,576,321. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ <u>(13,699,248)</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Other Postemployment Benefits (Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ending June 30,	Amount
2019	\$ (1,757,738)
2020	(1,757,738)
2021	(1,757,738)
2022	(1,757,738)
2023	(1,757,738)
Thereafter	<u>(4,910,558)</u>
	<u>\$ (13,699,248)</u>

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.

Transactions in short term debt for the year ended June 30, 2018 are as follows:

	Stated Interest Rate	Balance July 1, 2017	Issued	Redeemed	Balance June 30, 2018	Maturity
BAN	\$ 3.0%	\$ -	\$ 11,200,000	\$ -	\$ 11,200,000	<u>June 26, 2019</u>

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

1. Short-Term Debt (Continued)

There was no interest on short-term debt in the District-wide financial statements for the year ended June 30, 2018.

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 \$1,566,549 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	\$ 1,566,550
Less interest accrued in the prior year	(327,517)
Plus interest accrued in the current year	<u>269,054</u>
Total expense	<u>\$ 1,508,087</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, 2018

5. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

III. Indebtedness (Continued)

3. Changes

The changes in indebtedness during the year ended June 30, 2018 are summarized as follows:

	Balance July 1	Opening Balance Adjustment	Additions	Deletions	Balance June 30
Serial Bonds	\$ 43,823,700	\$ -	\$ -	\$ 8,833,700	\$ 34,990,000
Compensated Absences	12,317,966	-	23,297		12,341,263
Workers' Compensation Liability	443,266	-	17,205		460,471
Other Postemployment Benefits	<u>108,126,775</u>	<u>201,012,943</u>	<u>24,349,846</u>	<u>18,472,773</u>	<u>315,016,791</u>
Total	<u>\$ 164,711,707</u>	<u>\$ 201,012,943</u>	<u>\$ 24,390,348</u>	<u>\$ 27,306,473</u>	<u>\$ 362,808,525</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, 2018
Bonds:				
Middle School , Shatekon and Transportation	2009	2027	3.09%	\$ 1,460,000
Multi Project	2019	2025	4.00%	1,960,000
HSE, HSW and DO Refunding B	2011	2024	2.81%	7,275,000
HSE, HSW and DO Refunding A	2011	2022	4.33%	415,000
Refunding Shenet, Science Rooms	2011	2021	2.94%	2,630,000
Series E Refunding	2012	2019	3.08%	585,000
Buses (8/7/13) - 2013 Issue Date	2012	2018	3.00%	390,000
Buses DTC	2013	2019	2.00%	770,000
Buses DTC	2014	2020	1.70%	615,000
Refunding \$8.8M/Skano-Tesago Roof	2015	2021	2.99%	2,190,000
Refunding of Shatekon	2015	2027	4.28%	9,090,000
Buses DCT	2016	2021	1.45%	145,000
Refunding of MS, Shatekon, Trans & Multi-Project	2017	2027	1.75%	<u>7,465,000</u>
Total Bonds				<u>\$ 34,990,000</u>

5. 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>Premium Amortization</u>
2018-2019	\$ 7,700,000	\$ 1,317,957	\$ 9,017,957
2019-2020	6,905,000	1,053,752	7,958,752
2020-2021	4,980,000	814,641	5,794,641
2021-2022	3,020,000	622,559	3,642,559
2022-2023	3,880,000	446,056	4,326,056
2024-2028	8,505,000	700,725	9,205,725
Total	<u>\$ 34,990,000</u>	<u>\$ 4,955,690</u>	<u>\$ 39,945,690</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, 2018, the District has exhausted 7.90% of its limit.

6. Advance Refunding

On December 28, 2017, \$7,470,000 in general obligation bonds with an average interest rate of 1.8 percent were issued to advance refund \$7,605,000 million of outstanding bonds with an average interest rate of 3.5 percent. The net proceeds of \$7.9 million (after receipt of approximately \$548,000 in bond premium and payment of approximately \$110,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 9 years by almost \$233,000, resulting in an economic gain of approximately \$216,000.

7. Prior Defeasance of Debt

In addition to the current year advance refunding, in prior years, certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the remaining liability for the defeased bonds, \$7,905,000, and the trust account assets are not included in the financial statements.

6. 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:

<u>Year Ending June 30,</u>	
2018	\$ 813,471
2019	\$ 722,124
2020	\$ 602,756
2021	\$ 140,161

Rent expense under the terms of these leases for the year ended June 30, 2018 amounted to \$813,471.

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.

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, 2020
CSEA, Local 1000, AFSCME, AFL - C10	June 30, 2020
Shenendehowa Administrators' Association	June 30, 2021
Shenendehowa Teachers' Association	June 30, 2018
Shenendehowa United Supervisors' Association	June 30, 2018

6. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2018, the District recognized \$448,860 in PILOT revenue. Abated property taxes amounted to \$1,290,609 under this program.

7. ADDITIONAL DISCLOSURES

A. Assigned 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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B. Restricted Fund Balances

Restricted fund balances consist of the following:

Employee Benefits Accrued Liability	\$ 10,300,116
Debt	3,342,650
Repairs	3,642
Workers’ Compensation	460,471
Retirement Contributions	4,092,256
Capital Outlay	4,200,000
Tax Certiorari	<u>2,953,356</u>
	<u>\$ 25,352,491</u>

C. Special Item

On February 28, 2018 the District sold land located at 499 Moe Road, for sales proceeds of \$1,100,000. These sales proceeds are recorded in the governmental fund statement of revenues, expenditures, and changes in fund balance. For the District Wide Financial Statements, the remaining book value of the land was \$91,804 which resulted in actual gain on the sale of \$1,008,196 which is reflected on the Statement of Activities.

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, 2018

	<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	\$ 106,068,862	\$ -	\$ 106,068,862	\$ 106,068,862	\$ 106,049,680	\$ (19,182)
Other Tax Items	13,014,373	-	13,014,373	13,014,373	13,014,906	533
Charges for Services	273,000	-	273,000	273,000	285,385	12,385
Use of Money and Property	16,500	-	16,500	16,500	23,466	6,966
Sale of Property and Compensation for Loss	61,000	-	61,000	61,000	1,143,701	1,082,701
Miscellaneous	<u>425,200</u>	<u>-</u>	<u>425,200</u>	<u>425,200</u>	<u>154,130</u>	<u>(271,070)</u>
Total Local Sources	119,858,935	-	119,858,935	119,858,935	120,671,268	812,333
State Sources	47,078,130	-	47,078,130	47,078,130	47,390,593	312,463
Federal Sources	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>174,021</u>	<u>64,021</u>
Total Revenues	167,047,065	-	167,047,065	167,047,065	168,235,882	1,188,817
Other Financing Resources						
Appropriated Reserves	1,410,000	-	1,410,000	1,500,691	1,410,000	(90,691)
Appropriated Fund Balance	<u>1,500,000</u>	<u>1,210,016</u>	<u>2,710,016</u>	<u>2,710,016</u>	<u>2,710,016</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>\$ 169,957,065</u>	<u>\$ 1,210,016</u>	<u>\$ 171,167,081</u>	<u>\$ 171,257,772</u>	<u>\$ 172,355,898</u>	<u>\$ 1,098,126</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, 2018

	<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	\$ 49,137	\$ 2,499	\$ 51,636	\$ 50,648	\$ 46,846	\$ -	\$ 3,802
Central Administration	435,462	440	435,902	435,922	431,426	194	4,302
Finance	1,165,021	582	1,165,603	1,062,988	1,046,556	-	16,432
Staff	893,234	-	893,234	923,828	902,094	-	21,734
Central Services	11,241,308	507,594	11,748,902	11,141,823	10,619,397	251,760	270,666
Special Items	<u>1,882,341</u>	<u>-</u>	<u>1,882,341</u>	<u>1,786,219</u>	<u>1,784,469</u>	<u>-</u>	<u>1,750</u>
Total General Support	<u>15,666,503</u>	<u>511,115</u>	<u>16,177,618</u>	<u>15,401,428</u>	<u>14,830,788</u>	<u>251,954</u>	<u>318,686</u>
Instruction							
Instruction - Administration and Improvement	6,241,872	4,597	6,246,469	6,508,787	6,387,400	1,252	120,135
Teaching - Regular School	51,901,414	369,201	52,270,615	51,913,323	51,214,814	171,585	526,924
Programs for Students with Disabilities	14,332,910	136,329	14,469,239	14,407,757	14,310,502	-	97,255
Teaching - Special Schools	400,712	-	400,712	421,484	412,446	-	9,038
Instructional Media	4,266,270	88,390	4,354,660	4,574,984	3,724,463	701,068	149,453
Pupil Services	<u>8,024,524</u>	<u>39,703</u>	<u>8,064,227</u>	<u>8,212,403</u>	<u>7,933,228</u>	<u>43,723</u>	<u>235,452</u>
Total Instruction	<u>85,167,702</u>	<u>638,220</u>	<u>85,805,922</u>	<u>86,038,738</u>	<u>83,982,853</u>	<u>917,628</u>	<u>1,138,257</u>
Other							
Pupil Transportation	9,224,082	37,297	9,261,379	9,608,149	9,563,184	28,943	16,022
Community Service	17,650	1,684	19,334	19,334	18,356	-	978
Employee Benefits	<u>48,131,128</u>	<u>21,700</u>	<u>48,152,828</u>	<u>44,346,833</u>	<u>43,937,494</u>	<u>24,500</u>	<u>384,839</u>
Total Other	<u>57,372,860</u>	<u>60,681</u>	<u>57,433,541</u>	<u>53,974,316</u>	<u>53,519,034</u>	<u>53,443</u>	<u>401,839</u>
Total Expenditures	158,207,065	1,210,016	159,417,081	155,414,482	152,332,675	1,223,025	1,858,782
OTHER USES							
Interfund Transfers	<u>11,750,000</u>	<u>-</u>	<u>11,750,000</u>	<u>15,843,290</u>	<u>15,843,290</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 169,957,065</u>	<u>\$ 1,210,016</u>	<u>\$ 171,167,081</u>	<u>\$ 171,257,772</u>	<u>168,175,965</u>	<u>\$ 1,223,025</u>	<u>\$ 1,858,782</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses					<u>\$ 4,179,933</u>		

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2018

Measurement date	June 30, 2018
Total OPEB liability:	
Service cost	\$ 13,336,627
Interest	11,013,219
Changes in benefit terms	
Changes of assumptions or other inputs	(15,456,986)
Benefit payments	<u>(3,015,787)</u>
Net change in total OPEB liability	5,877,073
Total OPEB liability, beginning of year, as restated	<u>309,139,718</u>
Total OPEB liability, end of year	<u>\$ 315,016,791</u>
Covered payroll	<u>\$ 86,286,725</u>
Total OPEB liability as a percentage of covered payroll	<u>365.1%</u>

Note: 10 years of historical information will not be available upon implementation in 2018. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2018

<u>TRS</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension assets (liabilities)	.380627%	.371314%	.368547%
District's proportionate share of the net pension assets/(liabilities)	\$ 2,893,143	\$ (4,119,957)	\$ 38,567,739
District's covered payroll	\$ 64,522,029	\$ 61,567,175	\$ 60,907,383
District's proportionate share of net pension asset (liability) as a percentage of covered payroll	4.48%	(6.69%)	63.3%
Plan fiduciary net position as a percentage of total pension asset	100.66%	99.01%	110.46%

<u>ERS</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
District's proportion of the net pension liability	.0823727%	.0825663%	.0830107%
District's proportionate share of the net pension liability	\$ 2,658,532	\$ 7,341,982	\$ 13,252,122
District's covered payroll	\$ 26,520,916	\$ 25,686,921	\$ 23,776,631
District's proportionate share of net pension liability as a percentage of covered payroll	10.0%	28.6%	55.7%
Plan fiduciary net position as a percentage of total pension liability	98.24%	94.5%	90.6%

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, 2018

<u>TRS</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 6,147,157	\$ 6,992,117	\$ 7,562,164
Contributions in relation to the contractually required contribution	<u>6,147,157</u>	<u>6,992,117</u>	<u>7,562,164</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 64,522,029	\$ 61,567,175	\$ 60,907,383
Contributions as a percentage of covered payroll	9.5%	11.4%	12.4%

<u>ERS</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Contractually required contribution	\$ 3,586,989	\$ 3,209,327	\$ 3,733,203
Contributions in relation to the contractually required contribution	<u>3,586,989</u>	<u>3,209,327</u>	<u>3,733,203</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 26,520,916	\$ 25,686,921	\$ 23,776,631
Contributions as a percentage of covered-employee payroll	13.5%	12.5%	15.7%

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, 2018

	<u>Debt Service</u>	<u>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	\$ -	\$ 12,606,790	\$ 1,475,487	\$ 278,451	\$ 717,407	\$ 15,078,135
Restricted Cash	3,204,347	3,664	-	-	-	3,208,011
Accounts Receivable	-	-	20,000	3,743	44,369	68,112
Inventory	-	-	-	120,796	-	120,796
Due from Other Funds	138,303	2,381,505	21,427	114,485	245	2,655,965
Prepaid Expenditures	-	-	1,658	-	-	1,658
Due from State and Federal	-	-	1,028,765	54,173	-	1,082,938
Total Assets	<u>\$ 3,342,650</u>	<u>\$ 14,991,959</u>	<u>\$ 2,547,337</u>	<u>\$ 571,648</u>	<u>\$ 762,021</u>	<u>\$ 22,215,615</u>
LIABILITIES						
Accounts Payable	\$ -	\$ 617,145	\$ 3,807	\$ 17,510	\$ 34	\$ 638,496
Bond Anticipation Notes	-	11,200,000	-	-	-	11,200,000
Accrued Liabilities	-	-	1,337	1,036	8,187	10,560
Due to Other Funds	-	140,104	1,962,044	68,357	2,718	2,173,223
Due to Other Governments	-	-	-	756	1,541	2,297
Prepaid Revenue	-	-	-	157,108	-	157,108
Deferred Revenue	-	-	570,538	-	252,479	823,017
Total Liabilities	<u>-</u>	<u>11,957,249</u>	<u>2,537,726</u>	<u>244,767</u>	<u>264,959</u>	<u>15,004,701</u>
FUND EQUITY (DEFICIENCY)						
Nonspendable	-	-	1,658	120,796	-	122,454
Assigned for Encumbrances	-	10,385,454	31,477	-	23,245	10,440,176
Reserved for Debt	3,342,650	-	-	-	-	3,342,650
Reserved for Repairs	-	3,642	-	-	-	3,642
Deficit	-	(7,354,386)	(23,524)	-	-	(7,377,910)
Unassigned - Undesignated	-	-	-	206,085	473,817	679,902
Total Fund Equity	<u>3,342,650</u>	<u>3,034,710</u>	<u>9,611</u>	<u>326,881</u>	<u>497,062</u>	<u>7,210,914</u>
Total Liabilities and Fund Equity	<u>\$ 3,342,650</u>	<u>\$ 14,991,959</u>	<u>\$ 2,547,337</u>	<u>\$ 571,648</u>	<u>\$ 762,021</u>	<u>\$ 22,215,615</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, 2018

	<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	\$ 10,220	\$ -	\$ -	\$ 41	\$ -	\$ 10,261
Charges for Services	-	-	-	-	869,699	869,699
Miscellaneous	-	-	84,825	1,006	-	85,831
State Sources	-	-	1,165,744	42,143	-	1,207,887
Federal Sources	-	-	2,630,329	965,968	-	3,596,297
Sales	-	-	-	<u>2,254,752</u>	-	<u>2,254,752</u>
Total Revenues	<u>10,220</u>	<u>-</u>	<u>3,880,898</u>	<u>3,263,910</u>	<u>869,699</u>	<u>8,024,727</u>
EXPENDITURES						
General Support	-	-	-	1,208,496	223,800	1,432,296
Instruction	-	-	3,660,356	-	501,253	4,161,609
Pupil Transportation	-	-	382,886	-	-	382,886
Employee Benefits	-	-	236,955	697,539	64,356	998,850
Debt Service	18,267,702	-	-	-	-	18,267,702
Cost of Sales	-	-	-	1,324,580	-	1,324,580
Capital Outlay	-	<u>4,536,862</u>	-	-	-	<u>4,536,862</u>
Total Expenditures	<u>18,267,702</u>	<u>4,536,862</u>	<u>4,280,197</u>	<u>3,230,615</u>	<u>789,409</u>	<u>31,104,785</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,257,482)</u>	<u>(4,536,862)</u>	<u>(399,299)</u>	<u>33,295</u>	<u>80,290</u>	<u>(23,080,058)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from Advanced Refunding	7,470,000	-	-	-	-	7,470,000
Interfund Transfers	10,700,000	4,735,302	407,988	-	-	15,843,290
Premium on Obligations Issued	<u>685,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>685,180</u>
Total Other Financing Sources	<u>18,855,180</u>	<u>4,735,302</u>	<u>407,988</u>	<u>-</u>	<u>-</u>	<u>23,998,470</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	567,698	198,440	8,689	33,295	80,290	918,412
Fund Equity - Beginning of Year	<u>2,744,952</u>	<u>2,836,270</u>	<u>922</u>	<u>293,586</u>	<u>416,772</u>	<u>6,292,502</u>
Fund Equity - End of Year	<u>\$ 3,342,650</u>	<u>\$ 3,034,710</u>	<u>\$ 9,611</u>	<u>\$ 326,881</u>	<u>\$ 497,062</u>	<u>\$ 7,210,914</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, 2018*

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 169,957,065
Add: Prior Year's Encumbrances	<u>1,210,016</u>
Original Budget	171,167,081
Budget Amendments:	
Tax Certiorari	<u>90,691</u>
Final Budget	<u><u>\$ 171,257,772</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2018-19 Voter-Approved Expenditure Budget	<u><u>\$ 173,682,956</u></u>
Maximum Allowed (4% of 2018-19 Budget)	<u><u>\$ 6,947,318</u></u>
Unrestricted Fund Balance:	4,133,025
Assigned and Appropriated Fund Balance	<u>6,837,810</u>
Unassigned Fund Balance	<u>10,970,835</u>
Total Unrestricted Fund Balance	
Less:	(2,910,000)
Appropriated Fund Balance	<u>(1,223,025)</u>
Encumbrances Included in Assigned Fund Balance	<u>(4,133,025)</u>
Total Adjustments	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u><u>\$ 6,837,810</u></u>
Actual Percentage	<u><u>\$ 3.94%</u></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, 2018

Project Title	Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2018
				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	57,600	646,313	53,687	-	-	700,000	700,000	53,687
2016-2017 Repair & Maintenance Fund	-	700,000	700,000	-	-	-	700,000	-	-	700,000	700,000	700,000
2017-2018 Repair & Maintenance Fund	-	700,000	700,000	-	-	-	700,000	-	-	700,000	700,000	700,000
Total Repair & Maintenance Fund		<u>2,900,000</u>	<u>2,900,000</u>	<u>1,389,391</u>	<u>57,600</u>	<u>1,446,991</u>	<u>1,453,009</u>	<u>-</u>	<u>-</u>	<u>2,901,205</u>	<u>2,901,205</u>	<u>1,454,214</u>
\$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	70,003	-	70,003	-	-	-	70,003	70,003	-
Bus Garage	5003-013	31,851	32,474	32,474	-	32,474	-	-	-	32,474	32,474	-
Chango	0010-011	44,367	43,398	43,398	-	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	4,442	-	4,442	-	-	-	4,442	4,442	-
HSW	0004-023	149,926	146,699	146,699	-	146,699	-	136,023	-	10,676	146,699	-
HSE	0008-022	444,891	519,785	519,785	-	519,785	-	249,296	-	270,489	519,785	-
Karigon/Orenda	0007-016	346,355	352,627	352,627	-	352,627	-	212,808	-	139,819	352,627	-
Middle School	0001-030	432,554	448,216	448,216	-	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	39,283	-	39,283	-	37,448	-	1,835	39,283	-
Skano/Tesago	0006-021	371,693	365,464	365,464	-	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	13,044	-	13,044	483,824	385,486	-	131,093	516,579	503,535
Total \$10M Project		<u>12,168,832</u>	<u>11,445,206</u>	<u>10,961,382</u>	<u>-</u>	<u>10,961,382</u>	<u>483,824</u>	<u>1,564,997</u>	<u>4,044</u>	<u>9,895,876</u>	<u>11,464,917</u>	<u>503,535</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 (2017-2018)		2,174,475	2,229,772	-	2,229,772	2,229,772	-	-	-	2,469,802	2,469,802	240,030
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
Total Bus Purchases		<u>9,652,161</u>	<u>15,372,651</u>	<u>9,854,285</u>	<u>2,229,772</u>	<u>12,084,057</u>	<u>3,288,594</u>	<u>7,541,363</u>	<u>-</u>	<u>6,924,199</u>	<u>14,465,562</u>	<u>2,381,505</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2018

Project Title	Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2018
				Prior Years	Current Year	Total		Proceeds of Obligations	Federal or State Aid	Local Sources	Total	
\$16M Project:												
Arongen/Shatekon	0031-010	\$ 10,762	\$ 366,701	\$ 10,762	\$ 92,452	\$ 103,214	\$ 263,487	\$ -	\$ -	\$ -	\$ -	\$ (103,214)
Admin Building	0055-002	364	1,194	364	859	1,223	(29)	-	-	-	-	(1,223)
Bus Garage	5003-014	794	35,513	794	29,459	30,253	5,260	-	-	-	-	(30,253)
Chango	0010-012	15,432	272,466	15,432	56,835	72,267	200,199	-	-	-	-	(72,267)
District Office	1052-004	516	6,712	516	6,241	6,757	(45)	-	-	-	-	(6,757)
Ground Building	3045-002	71	1,175	71	1,042	1,113	62	-	-	-	-	(1,113)
HSE	0008-023	19,373	228,266	19,373	89,016	108,389	119,877	-	-	-	-	(108,389)
HSE	0008-024	230,020	3,828,963	230,020	515,059	745,079	3,083,884	-	-	-	-	(745,079)
HSE	0008-025	139,504	2,071,664	139,504	115,488	254,992	1,816,672	-	-	-	-	(254,992)
HSW	0004-024	6,184	186,033	6,184	107,109	113,293	72,740	-	-	-	-	(113,293)
Karigon/Orenda	0007-020	16,244	443,715	16,244	73,388	89,632	354,083	-	-	-	-	(89,632)
Middle School	0001-031	15,902	94,174	15,902	52,133	68,035	26,139	-	-	-	-	(68,035)
Middle School	0001-033	69,943	870,834	69,943	572,523	642,466	228,368	-	-	-	-	(642,466)
Okte	0011-013	24,448	678,715	24,448	237,922	262,370	416,345	-	-	-	-	(262,370)
Press Box	7037-002	19,616	1,164,582	19,616	30,526	50,142	1,114,440	-	-	-	-	(50,142)
Skano/Tesago	0006-023	16,430	545,170	16,430	137,154	153,584	391,586	-	-	-	-	(153,584)
Available Unassigned		16,616,000	5,195,927	38,593	76,944	115,537	5,080,390	-	-	65,500	65,500	(50,037)
Total \$16M Project		<u>17,201,603</u>	<u>15,991,804</u>	<u>624,196</u>	<u>2,194,150</u>	<u>2,818,346</u>	<u>13,173,458</u>	<u>-</u>	<u>-</u>	<u>65,500</u>	<u>65,500</u>	<u>(2,752,846)</u>
\$22M Project												
Available Unassigned		<u>22,226,194</u>	<u>22,226,194</u>	<u>-</u>	<u>55,340</u>	<u>55,340</u>	<u>22,170,854</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,444,660</u>
Total All Funds		<u>\$ 65,419,226</u>	<u>\$ 68,051,178</u>	<u>\$ 22,940,935</u>	<u>\$ 4,536,862</u>	<u>\$ 27,477,797</u>	<u>\$ 40,573,381</u>	<u>\$ 9,106,360</u>	<u>\$ 4,044</u>	<u>\$ 21,402,103</u>	<u>\$ 30,512,507</u>	<u>\$ 3,034,710</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, 2018

Capital Assets, Net		\$ 81,763,152
Deduct:		
Short-Term Portion of Bonds Payable	\$ 7,700,000	
Long-Term Portion of Bonds Payable	27,290,000	
Short-Term BANS payable	<u>11,200,000</u>	46,190,000
Add: Unexpended Cash		<u>12,610,454</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 48,183,606</u>

FEDERAL AWARD PROGRAM INFORMATION

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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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. To the right of the signature is a vertical line.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 1, 2018

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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, 2018. 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, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing 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
October 1, 2018

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Federal Expenditures
<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	0021-17-2675	\$ 43,685
Title I Grants to Local Educational Agencies	84.010A	0021-18-2675	319,491
Title III - Part A - LEP	84.365A	0293-17-2675	21,969
Title III - Part A - LEP	84.365A	0293-18-2675	2,417
Title IIIA Immigrant	84-365B	0149-18-2675	3,988
Title III Immigrant - Supplemental	84.365B	0151-17-2675	774
Title III Immigrant - Supplemental	84.365B	0151-18-2675	16,287
Title II - Part A - Teacher and Principal Recruitment and Training	84.367A	0147-17-2675	12,661
Title II - Part A - Teacher and Principal Recruitment and Training	84.367A	0147-18-2675	<u>168,994</u>
Subtotal			<u>590,266</u>
Special Education Cluster:			
Section 611 - Special Education - Grants to States	84.027A	0032-18-0808	1,960,962
Section 619 - Special Education - Preschool Grants	84.173A	0033-18-0808	<u>79,102</u>
Total Special Education Cluster			<u>2,040,064</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Not Applicable	93,339
National School Lunch Program	10.555	Not Applicable	728,834
Food Distribution	10.553 - 10.555	Not Applicable	<u>143,794</u>
Total U.S. Department of Agriculture Passed Through New York State Education Department			<u>965,967</u>
Total Expenditures of Federal Awards			<u>\$ 3,596,297</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

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.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

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)	\$ 1,960,962
CFDA #84.173A Special Education - Preschool Grants (IDEA, Preschool)	<u>79,102</u>
Total	<u>\$ 2,040,064</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, 2018, the School District received food commodities totaling \$143,794.

5. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal Sources Included in Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 3,770,318
Less: Federal Medicaid Revenue	<u>174,021</u>
Total Expenditures of Federal Awards	<u>\$ 3,596,297</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, 2018

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 the Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clusters</u>
#84.027A	Special Education - Grants to States (IDEA, Part B)
#84.173A	Special Education - Grants to States (IDEA, Preschool)

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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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, 2018, 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, 2018, 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
October 1, 2018

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
STATEMENT OF ASSETS AND FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

ASSETS

Cash \$ 524,299

FUND BALANCE

Fund Balance \$ 524,299

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

<u>Activities and Clubs</u>	<u>Balances</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances</u> <u>June 30, 2018</u>
High School:				
Club				
World of Difference	\$ 352	\$ 651	\$ (283)	\$ 720
Visual Arts Club aka Art Club	2,783	-	-	2,783
Tri-M	1,469	1,312	(1,260)	1,521
Speech and Debate	1,864	-	(75)	1,789
Shen Dance Team	1,766	9,710	(7,845)	3,631
SFA Senate	13,040	19,824	(19,374)	13,490
Science Club	738	-	(738)	-
Scarce	1,649	-	-	1,649
SADD Club	1,576	1,136	(933)	1,779
Respect Club	651	-	(651)	-
Newspaper Club (Shenpen)	(32)	32	-	-
National Honor Society	350	921	(1,191)	80
Latin Club	302	860	(764)	398
International Service Club	40	-	(40)	-
International Club	223	369	-	592
High School West Ski Club	4,019	15,072	(11,377)	7,714
High School Technology Club	51,817	1,805	(4,346)	49,276
High School Library Club	1,193	-	-	1,193
High School Key Club	1,695	5,639	(5,859)	1,475
High School East Ski Club	5,180	26,809	(25,328)	6,661
French Club	268	-	(150)	118
FBLA	700	19,973	(18,712)	1,961
Class of 2021	-	7,177	(1,685)	5,492
Class of 2020	2,627	4,982	(5,154)	2,455
Class of 2019	1,236	52,037	(40,199)	13,074
Class of 2018	7,653	56,125	(54,208)	9,570
Class of 2017	16,667	1,185	(17,852)	-
Carillon Yearbook	27,097	104,336	(112,070)	19,363
Best Buddies	2,762	675	(518)	2,919
Automotive	4,295	229	(68)	4,456
Shen Maker Club	-	1,053	(458)	595
HSW Drama Club	8,462	7,177	(7,161)	8,478
Musical Activity	13,169	31,826	(17,004)	27,991
Art Club	82	229	-	311
Habitat for Humanity	340	318	(200)	458
American Red Cross Club Act	648	-	(648)	-
National Art Honor Society	820	485	(315)	990
DECA Club	592	2,014	(2,385)	221
HSW Breakfast Club	164	-	-	164
Model UN	1,208	870	(1,543)	535
SSNHS	1,649	2,160	-	3,809
Table Tennis	36	-	-	36
First Competition Club	348	-	-	348
Activity	<u>134,135</u>	<u>239,998</u>	<u>(289,254)</u>	<u>84,879</u>
Total High School Activities and Clubs	<u>\$ 315,633</u>	<u>\$ 616,989</u>	<u>\$ (649,648)</u>	<u>\$ 282,974</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, 2018

<u>Activities and Clubs</u>	<u>Balances</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances</u> <u>June 30, 2018</u>
Middle Schools:				
Gowana				
Club				
Gowana Rocket Club	\$ 290	\$ -	\$ -	\$ 290
Gowana Indoor Rock Climbing Club	819	2,080	(2,067)	832
Gowana Student Council	5,528	7,708	(5,761)	7,475
Gowana Ski Club	1,387	4,335	(4,322)	1,400
Gowana School Climate Club	11,299	3,648	(4,771)	10,176
Gowana Class book Club	11,070	3,903	(3,867)	11,106
Gowana Latin Class	179	-	-	179
Gowana Future Cities Club	1,673	200	-	1,873
MS Core Shen Tank Club	-	328	(225)	103
Activity	<u>6,849</u>	<u>87,411</u>	<u>(87,970)</u>	<u>6,290</u>
Total Gowana Activities and Clubs	<u>39,094</u>	<u>109,613</u>	<u>(108,983)</u>	<u>39,724</u>
Koda				
Club				
Koda Support the Troops Group	136	-	-	136
Koda Student Council	2,503	3,579	(2,538)	3,544
Koda NJHS Club	7,796	2,422	(2,792)	7,426
Koda Musical Theater Club	15,016	6,878	(6,002)	15,892
Activity	<u>21,755</u>	<u>31,186</u>	<u>(37,112)</u>	<u>15,829</u>
Total Koda Activities and Clubs	<u>47,206</u>	<u>44,065</u>	<u>(48,444)</u>	<u>42,827</u>
Acadia				
Club				
Acadia Tri Bldg Talent Show Cl	270	-	-	270
Acadia Tri Bldg Sewing Club	40	-	-	40
Acadia Tri Bldg Board Game Club	205	-	-	205
Acadia Shen Buddies Club	1,619	-	(102)	1,516
Acadia NJHS Club	1,114	2,001	(1,960)	1,155
Acadia Yearbook Club	1,878	4,920	(5,674)	1,124
Acadia Student Council	1,045	8,699	(8,522)	1,222
Acadia Ski Club	426	6,922	(7,171)	178
Acadia Odyssey of the Mind Club	355	449	(413)	391
Acadia Lego Bldg & Robotics Club	389	-	(48)	341
Acadia Future Cities Club	745	550	(393)	902
Acadia Adventure Club	575	-	-	575
Activity	<u>10,790</u>	<u>84,140</u>	<u>(79,414)</u>	<u>15,516</u>
Total Acadia Activities and Clubs	<u>19,451</u>	<u>107,681</u>	<u>(103,697)</u>	<u>23,435</u>
Total Middle Schools Activities and Clubs	<u>105,751</u>	<u>261,359</u>	<u>(261,124)</u>	<u>105,986</u>
Elementary Schools:				
Arongen				
Club				
Arongen Student Council	1,250	3,491	(3,529)	1,212
Arongen Musical Theatre Co.	-	5,132	(888)	4,244
Activity	<u>(24)</u>	<u>96</u>	<u>(96)</u>	<u>(24)</u>
Arongen Music Activity	(24)	96	(96)	(24)
Arongen 5 th Grade Activity	<u>7,689</u>	<u>26,417</u>	<u>(30,866)</u>	<u>3,240</u>
Total Arongen Activities and Clubs	<u>8,915</u>	<u>35,136</u>	<u>(35,379)</u>	<u>8,672</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACURRICULAR ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

<u>Activities and Clubs (Continued)</u>	<u>Balances July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances June 30, 2018</u>
Elementary Schools (Continued):				
Chango				
Club				
Chango Student Council	1,420	228	(279)	1,369
Activity				
Chango Music Activity	40	532	(530)	42
Chango Kindergarten Activity	306	-	-	306
Chango 5 th Grade Activity	3,023	6,051	(3,776)	5,298
Chango 4 th Grade Activity	415	1,788	(1,580)	623
Chango 3 rd Grade Activity	946	1,004	(1,713)	237
Chango 2 nd Grade Activity	-	816	(612)	204
Chango 1 st Grade Activity	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Chango Club and Activities	<u>6,152</u>	<u>10,419</u>	<u>(8,490)</u>	<u>8,081</u>
Karigon				
Club				
Karigon Student Council	5,769	3,812	-	9,581
Activity				
Karigon School Store	1,161	1,975	(1,512)	1,624
Karigon Kindergarten	108	490	(584)	14
Karigon Chorus	-	498	(450)	48
Karigon Chess Club	241	4,910	(938)	4,213
Karigon 5th Grade Field Trips	1,022	4,629	(4,614)	1,037
Karigon 4 th Grade Field Trips	337	2,120	(2,015)	442
Karigon 3 rd Grade Field Trips	194	1,293	(1,207)	280
Karigon 2 nd Grade Field Trips	114	837	(824)	127
Karigon 1 st Grade Field Trips	<u>201</u>	<u>3,695</u>	<u>(3,687)</u>	<u>209</u>
Total Karigon Club and Activities	<u>9,147</u>	<u>24,259</u>	<u>(15,831)</u>	<u>17,575</u>
Okte				
Club				
Okte Yearbook	784	-	(560)	224
Okte Student Council Playground	13,174	9,558	(2,939)	19,793
Okte Student Council	13,132	-	-	13,132
Activity				
Okte Kindergarten Activity	280	464	(207)	537
Okte Morning Program	-	4,334	(3,868)	466
Okte General Specials	1	690	(678)	13
Okte Drama Club	1,794	4,406	(3,461)	2,739
Okte 5 th Grade	1,105	4,040	(3,527)	1,618
Okte 4 th Grade	371	2,040	(2,255)	156
Okte 3 rd Grade	106	1,294	(1,280)	120
Okte 2 nd Grade	7	767	(774)	-
Okte 1 st Grade	<u>768</u>	<u>580</u>	<u>(970)</u>	<u>378</u>
Total Okte Club and Activities	<u>31,522</u>	<u>28,173</u>	<u>(20,519)</u>	<u>39,176</u>
Orenda				
Club				
Orenda Student Council	3,429	822	(1,298)	2,953
Activity				
Orenda Yearbook	343	3,317	(459)	3,201
Orenda Orchestra	-	144	(144)	-
Orenda Ice Skating Club	134	324	(297)	161
Orenda 5th Grade Activity	71	1,684	(1,402)	353
Orenda 4 th Grade Activity	20	812	(812)	20
Orenda 3 rd Grade Activity	906	427	(1,332)	1
Orenda 2 nd Grade Activity	17	752	(678)	91
Orenda 1 st Grade Activity	<u>157</u>	<u>1,664</u>	<u>(802)</u>	<u>1,019</u>
Total Orenda Club and Activities	<u>5,077</u>	<u>9,946</u>	<u>(7,224)</u>	<u>7,799</u>

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK

EXTRACLASROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

<u>Activities and Clubs (Continued)</u>	<u>Balances</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balances</u> <u>June 30, 2018</u>
Elementary Schools (Continued):				
Shatekon				
Club				
Shatekon Student Council	2,418	13,275	(14,683)	1,010
Shatekon Sole Sisters	78	-	-	78
Activity				
Shatekon Music	881	475	(410)	946
Shatekon Drama Club	6,270	-	(35)	6,235
Shatekon and Arongen Ski	14	-	-	14
Shatekon 4 th Grade	755	2,788	(3,147)	396
Shatekon 3 rd Grade	52	2,193	(2,126)	119
Shatekon 2 nd Grade	139	438	(398)	179
Shatekon 1 st Grade	145	900	(860)	185
Total Shatekon Activities and Clubs	<u>10,752</u>	<u>20,069</u>	<u>(21,659)</u>	<u>9,162</u>
Skano				
Club				
Skano Student Council Playground	20,421	1,589	-	22,010
Skano Student Council	1,831	2,838	(2,310)	2,359
Activity				
Skano Ski Activity	136	3,579	(3,360)	355
Skano Kindergarten	30	520	(541)	9
Skano 5 th Grade	76	14,598	(14,118)	556
Skano 4 th Grade	50	11,229	(10,263)	1,016
Skano 3 rd Grade	135	-	-	135
Skano 2 nd Grade	-	1,956	(1,956)	-
Skano 1 st Grade	271	1,260	(1,394)	137
Total Skano Activities and Clubs	<u>22,950</u>	<u>37,569</u>	<u>(33,942)</u>	<u>26,577</u>
Tesago				
Club				
Tesago Yearbook	586	1,879	-	2,465
Tesage Theatre Club	1,949	16,026	(13,523)	4,452
Tesago Student Council	21,945	10,416	(24,959)	7,402
Activity				
Tesago Ski Activity	450	2,750	(3,000)	200
Tesago Music	175	4,010	(4,007)	178
Tesago 5 th Grade Activity Fund	152	4,559	(3,111)	1,601
Tesago 4 th Grade Activity Fund	381	-	(220)	161
Tesago 3 rd Grade Activity Fund	135	1,000	(880)	254
Tesago 2 nd Grade Activity Fund	79	1,131	(1,067)	143
Tesago 1 st Grade Activity Fund	3	825	(824)	4
Total Tesago Activities and Clubs	<u>25,855</u>	<u>42,596</u>	<u>(51,591)</u>	<u>16,860</u>
Miscellaneous:				
Due to NYS Sales Tax	1,394	9,929	(10,131)	1,192
Due to Other Funds	-	131,625	(131,380)	245
Accounts Receivable	-	277	(277)	-
Total Elementary Schools and Miscellaneous	<u>121,764</u>	<u>349,998</u>	<u>(336,423)</u>	<u>135,339</u>
Grand Total	<u>\$ 543,148</u>	<u>\$ 1,228,346</u>	<u>\$ (1,247,195)</u>	<u>\$ 524,299</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

CUSACK & COMPANY
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MEMBERS OF:
AMERICAN INSTITUTE OF
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, 2018. 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. The District adopted the provisions of GASB 75 in the current year. The application of existing policies other than this 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 October 1, 2018.

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, 2018, 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 October 1, 2018 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

2018-1 Extraclassroom Cash Receipts

We noted that management is not signing off or noting their approval on the extraclassroom cash receipt package. There is a section on the Treasurer's Receipt for the Treasurer to sign that is not being utilized.

We believe the cash receipt packages are being reviewed by management, however we recommend that management sign or initial the extraclassroom cash receipt package to show evidence of their approval.

District response: The District concurs. These receipts are being reviewed but not signed. The action plan is as follows.

What: The District Treasurer will start manually signing all receipt packages for Extraclassroom.

Who: The District Treasurer

When: Completed June 2018.

2018-2 Accounts Payable Accuracy

In reviewing the year end accounts payable listing in the capital projects fund, there were errors noted. Items that were encumbered should have been recorded as an accounts payable and not an encumbrance. A similar comment was reported in the prior year.

We recommend the Business Office review the accounts payable and encumbrance listings on a regular basis for accuracy. This will help in maintaining accurate balances in reporting.

District response: The District concurs. The capital projects work can be unpredictable as to when invoices will be received for work performed.

What: The process was reviewed with all applicable staff members.

Who: The District Treasurer led the conversation.

When: Completed September 2018. Additional training and reminders will occur in the Spring of 2019, heading into the next year end declaration process.

2018-3 School Lunch Fund Disbursements

We noted that the detail warrant reports for the school lunch fund were approved by the claims auditor but not by the school lunch department.

We recommend that management in the school lunch department review the detail warrant reports to ensure accuracy in reporting.

District response: The District concurs. These warrants were being reviewed in detail by the Food Service Director but not signed.

What: Food Service Director will manually sign all warrants for School Lunch.

Who: Food Service Director

When: Completed June 2018.

PRIOR 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.

Status: Resolved.

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.

Status: Resolved.

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.

Status: Resolved.

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.

Status: A similar comment was made in the current year.

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.

Status: Resolved.

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.

Status: The District has implemented this procedure. As a best practice we recommend the claims auditor document his approval in some manner in his review.

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.

Status: A similar comment was made in the current year.

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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive style and is positioned to the left of a vertical line.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 1, 2018