

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2018 AND 2017

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BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Beekmantown Central School District
West Chazy, New York

Report on the Financial Statements

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 Beekmantown Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2017 financial statements, and in our report dated September 14, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 Beekmantown Central School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 13), budgetary comparison information (pages 57 & 58), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 61) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 62-65) 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.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beekmantown Central School District's basic financial statements as a whole. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of Beekmantown Central School District. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018, on our consideration of the Beekmantown Central School 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 the 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 Beekmantown Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

September 14, 2018

Management Discussion and Analysis

Within this section of the Beekmantown Central School District's annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2018. The School's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

Financial Highlights

- The district ended the fiscal year with General Fund revenues of \$40,491,957. The annual General Fund expenditures and other uses totaled \$38,461,106. This means the district ended the fiscal year with excess revenues and other sources over expenditures and other uses totaling \$2,030,851.
- As of June 30, 2018, under the GASB 34 reporting model, the change in net position was (\$876,131). Under the fund accounting model, the change in fund balance was \$5,256,893. The primary reasons for these differences involve other post-employment benefits, pensions and debt service transactions. For Further details, see the reconciliation on pages 20 and 21.

Overview of the Financial Statements

Management's discussion and analysis introduces the School's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

District-Wide Financial Statements

The Governmental Accounting Standards Board's Statement #34 requires that reporting financial status take place in a district-wide format. The School's annual report includes two such district-wide financial statements, which provide both long-term and short-term information about the School's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these district-wide statements is the Statement of Net Position. This is a school-wide statement of position presenting information that includes all of the School's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the School is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the School would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the State and Federal governments, and the condition of the School's infrastructure.

The second district-wide statement is the Statement of Activities. This statement reports how the School's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the

statement of activities is to show the financial reliance of the School's distinct activities or functions on revenues provided by the School's taxpayers.

Both of the district-wide financial statements distinguish government activities of the School that are principally supported by State and Federal sources, intergovernmental revenues, such as operating grants, and revenue from the local tax levy. Fiduciary activities, such as those for which the accounting occurs in the trust and agency fund, are not included in the government-wide statements since these assets are not available to fund the School programs.

The district-wide financial statements are presented on pages 14 and 15 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School uses funds to ensure and demonstrate compliance with finance-related law and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds rather than the School as a whole. Major funds are reported separately while all others are combined in a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. The School has two kinds of funds:

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the district-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the government fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balance have been reconciled in the notes to the financial statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the supplemental financial statements for the General Fund. These statements and schedules demonstrate regulatory compliance with the School's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 16 through 17 of this report.

Fiduciary Funds such as the scholarship accounts, extra-classroom activity balances and other payroll withholdings are reported in the fiduciary fund financial statements, but are excluded from the district-wide reporting. Fiduciary fund financial statements report resources that are not available to fund school programs.

The basic fiduciary fund financial statements are presented on pages 18 and 19 of this report.

Notes to Financial Statements

Notes to Financial Statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also includes supplementary information beginning on page 53.

Financial Analysis of the District as a Whole

The District's net position at June 30, 2018 is \$(75,014,649). This represents a \$876,131 decrease from last year's net position of \$(74,138,518). The following table provides a summary of the School's net position:

Summary of Net Position

	<u>6/30/2018</u>	<u>Restated 6/30/2017</u>
Current and Other Assets	\$ 22,841,595	\$ 15,530,698
Capital Assets	41,643,129	36,923,778
Total Assets	<u>64,484,724</u>	<u>52,454,476</u>
Deferred Outflow of Resources		
Unamortized Defeasance Loss	121,250	181,875
OPEB (GASB 75)	8,163,085	2,534,169
Pensions	11,202,280	10,936,897
Total Assets and Deferred Outflow of Resources	<u>\$ 83,971,339</u>	<u>\$ 66,107,417</u>
Current Liabilities	\$ 4,414,619	\$ 2,914,483
Long-Term Liabilities	133,700,325	136,192,368
Total Liabilities	<u>138,114,944</u>	<u>139,106,851</u>
Deferred Inflows of Resources		
OPEB (GASB 75)	16,683,719	-
Pensions	4,187,325	1,139,084
Total Liabilities and Deferred Inflow of Resources	<u>158,985,988</u>	<u>140,245,935</u>
Net Assets		
Net Invested in Capital Assets	30,227,130	31,688,518
Restricted	9,885,700	5,766,871
Unrestricted	(115,127,479)	(111,593,907)
Total Net Position	<u>(75,014,649)</u>	<u>(74,138,518)</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 83,971,339</u>	<u>\$ 66,107,417</u>

The following table and supporting graphs provide a summary of revenues, expenses and net position for the year ended June 30, 2018:

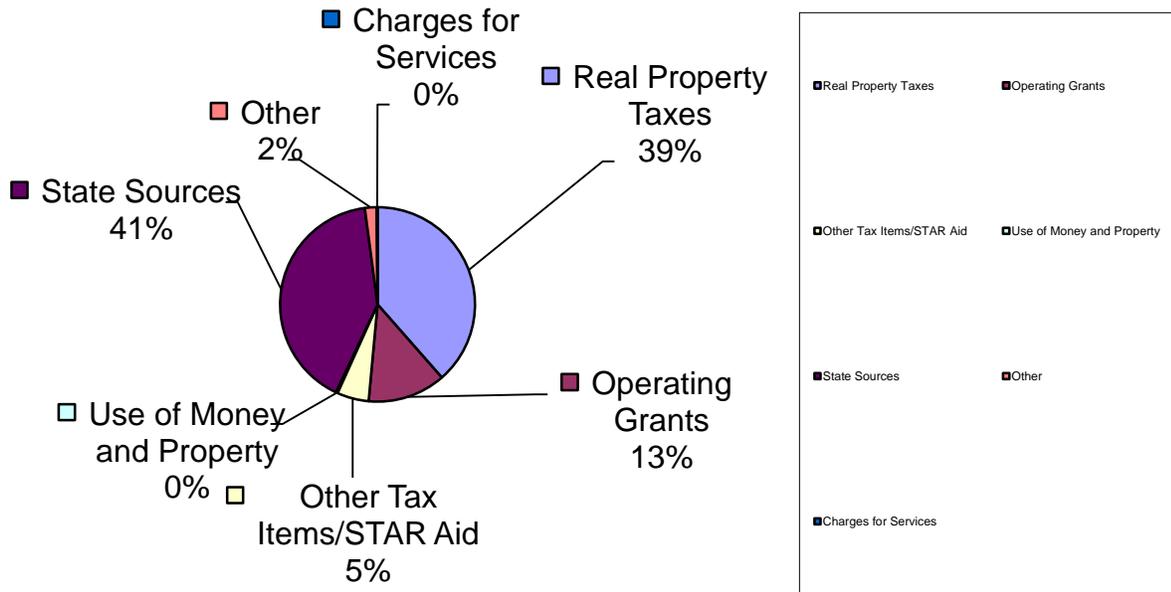
Statement of Activities
Summary of Changes in Net Position

Revenues:	<u>6/30/2018</u>	<u>6/30/2017</u>	Change
Program Revenues:			
Charges for Services	\$ 62,356	\$ 74,732	-16.6%
Operating Grants & Contributions	6,034,787	6,299,567	-4.2%
General Revenues:			
Property Taxes	17,998,700	17,663,466	1.9%
School Tax Relief (STAR)	2,467,441	2,543,026	-3.0%
State Formula Aid	19,081,246	17,951,971	6.3%
Use of Money and Property	139,909	63,286	121.1%
Miscellaneous	916,638	891,610	2.8%
Total Revenues:	<u>46,701,077</u>	<u>45,487,658</u>	2.7%
Expenses:			
General Government Support	4,637,908	4,293,823	8.0%
Instruction	24,436,947	23,277,423	5.0%
Pupil Transportation	2,026,286	1,859,606	9.0%
Employee Benefits	11,230,017	10,588,296	6.1%
Employee Benefits, OPEB GASB 75	4,135,659	7,018,220	-41.1%
Debt Service – Interest	387,053	283,991	36.3%
Cost of Sales – Food	723,338	736,931	-1.8%
Total Expenses:	<u>47,577,208</u>	<u>48,058,290</u>	-1.0%
Increase (decrease) in Net Position:	(876,131)	(2,570,632)	-65.9%
Beginning Net Position	(74,138,518)	(11,099,589)	
Prior period adjustment (Note 16)	-	(60,468,297)	
Ending Net Position	<u>\$ (75,014,649)</u>	<u>\$ (74,138,518)</u>	

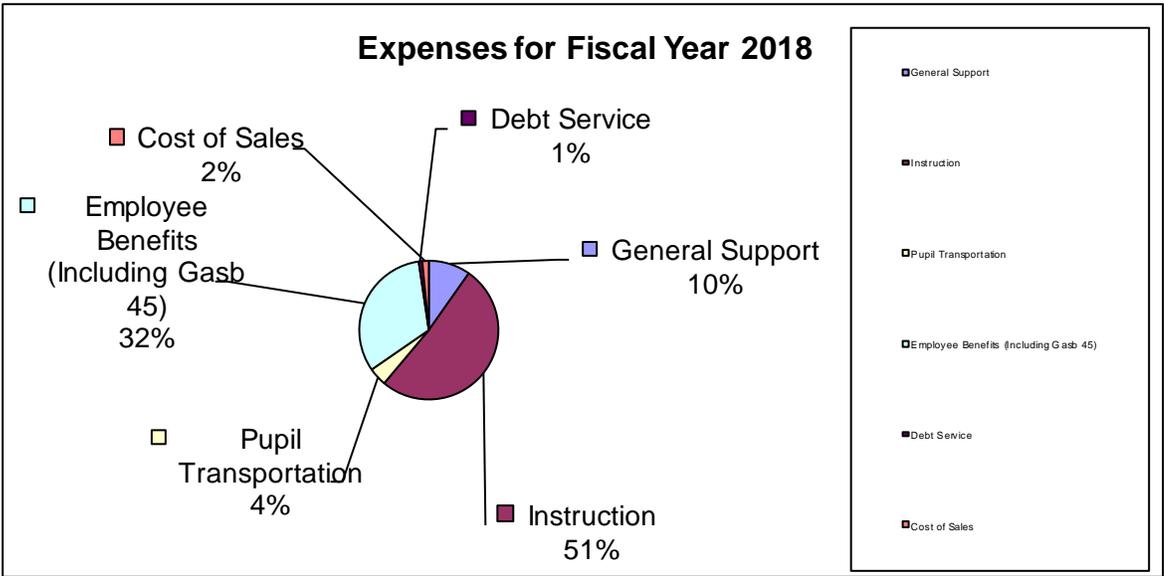
Revenues for the District's governmental activities totaled \$46,701,077 while total expenses equaled \$47,577,208. Therefore, the decrease in net position for governmental activities was (\$876,131) in 2018. The District's financial condition can be credited to:

- The Board of Education reaches out to all residents through an active web site, presenting our budget at convenient community locations, and encouraging community input at Board of Education meetings;
- The Audit Committee meets monthly to review and discuss financial documents and, where required, recommends those documents to the full Board of Education for review and approval;
- Board of Education continually reviews board policies on fiscal management and internal controls and updates them for adherence to applicable laws;
- Internal controls include training for the claims auditor. The claims auditor matches all vendor payment claims and supporting documentation against the warrant report and indicates approval with a signature. Additionally, the claims auditor submits a monthly report of findings to the Board and meets with the audit committee;
- Bank reconciliations are current and necessary documentation is maintained with the bank statements. The Audit Committee and Board of Education are provided with a current Treasurer's Report each month;
- Health insurance and other employee benefits are reviewed monthly to insure benefits are limited to only participants contractually entitled to such benefits;
- Submitted payrolls are reviewed for accuracy, which includes verifying contractual rates of pay to insure no unnecessary spending and payment. Substitutes are utilized only when necessary;
- Grants are reviewed to verify all expenditures, including payroll and benefits, are paid properly from these grants;
- Termination of employees is documented and unemployment claims are monitored closely;
- The District continues to manage expenditures through the solicitation of competitive bids and requests for proposal. The District also participates in state contract purchasing through the NYS Office of General Services and competitive bidding with St. Lawrence BOCES; National Joint Purchasing Alliance (NJPA) and The Cooperative Purchasing Network (TCPN).
- Equipment and computers purchased are tracked using a computerized inventory control system.
- During the year ended June 30, 2018, the District implemented GASB75 which requires the District to calculate and report the present value of the future liability for retiree health insurance costs. The District hired an actuary to calculate the liability which is currently reported (page 61) in the Statement of Net Position at \$118,500,646.
- The Board of Education annually supports professional development in fiscal management and compliance for the business office staff.

Sources of Revenues for Fiscal Year 2018



Revenue Source	Amount
Real Property Taxes	\$ 17,998,700
Operating Grants	6,034,787
Other Tax Items/STAR Aid	2,467,441
Use of Money and Property	139,909
State Sources	19,081,246
Other	916,638
Charges for Services	62,356
	<u>\$ 46,701,077</u>



Expenditure	Amount
General Support	\$ 4,637,908
Instruction	24,436,947
Pupil Transportation	2,026,286
Employee Benefits (Including Gasb 45)	15,365,676
Debt Service	387,053
Cost of Sales	723,338
	<u><u>\$ 47,577,208</u></u>

Financial Analysis of the School District’s Funds

As discussed, the School’s governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term, inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the School District consist of the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2018, was \$41,643,129 which represents an increase of 12.8% from the 2017 balances. The capital assets include the completion of renovating the district infrastructure in accordance with the District's 5-year Capital Facilities Plan consisting of health and safety renovations, equipment and technology infrastructure upgrades and other alterations, renovations, and improvements to the Cumberland Head Elementary School and the Beekmantown Main Building (K-12 facilities). The increase in net capital assets is attributable to district purchases of equipment and "construction in progress" of an energy performance contract and an 18 million dollar capital project.

	<u>CAPITAL ASSETS</u>		
	<u>Net of Accumulated Depreciation</u>		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Non-Depreciable Assets:			
Land	\$ 73,608	\$ 73,608	0.0%
Construction in Progress	6,510,441	932,196	598.4%
Depreciable Assets:			
Buildings	31,503,716	32,390,298	-2.7%
Machinery and Equipment	3,555,364	3,527,676	0.8%
TOTAL	\$ 41,643,129	\$ 36,923,778	12.8%

Long Term Debt

At the end of the fiscal year, the District had \$133,149,848 in long-term debt outstanding. More detailed information about the District's long-term liabilities and Bond Anticipation Notes are presented in Note 7 to the financial statements.

	<u>2018</u>	<u>Restated 2017</u>	<u>% Change</u>
Compensated Absences	\$ 3,142,806	\$ 3,130,446	0.4%
Bonds Payable	11,537,249	5,200,000	121.9%
Other Post Employment Benefits	118,500,646	125,419,790	-5.5%
	\$ 133,180,701	\$ 133,750,236	-0.4%

Other Post-Employment Benefits

The District identified long term financial stress factors and worked effectively with the local bargaining units to collectively modify employer/employee allocations for benefit costs as well as switching health insurance plans for all current employee groups. While the financial benefits will be recognized over a multiyear period of time the renewal terms had a significant impact on the actuarial calculation of this long term liability. As indicated in the chart below the actuarial accrued liability is \$118,500,646.

The District's liability for other post-employment benefits is summarized below:

	<u>OPEB Liability</u>
6/30/2018	\$ 118,500,646

Factors Bearing on the Future of District

At the time these financial statements were prepared and audited, the District faces the following existing circumstances that could significantly affect its financial health in the future:

- Condition of State's financial health and the impact this condition will have on state aid.
- Potential decreases or increases in employer's contribution to the Teacher's Retirement System and the Employee Retirement System.
- Increasing cost of health insurance premiums.
- Recent District trend of increasing enrollment.
- Long range positive financial relief/benefit resulting from the NYS creation of Tier V and Tier VI class employees.
- Anticipated growth in the local economy stemming from active local economic development efforts, including an Aerospace facility suggest a potential period of growth for District.
- Continued reductions in funding from Federal and State Grants.
- Increased number of retirees receiving benefits for longer period of time.
- Continued NYS annual award for ELT, extended learning day.
- Positive student benefit and District financial benefit based on the success of a new PILOT Program.
- Partnering with NYS and the County to deliver services to pre-school students.

Contacting the Financial Managers of the School

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances, comply with finance-related laws and regulations and demonstrate the School's commitment to public accountability. If you have questions about this report, or would like to request additional information, please contact:

Beekmantown Central School District Offices
Attn: Daniel W. Mannix, Superintendent
37 Eagle Way, West Chazy, NY 12992-2577
(518) 563-8250 Ext 5501

STATEMENTS OF NET POSITION

June 30, 2018 and 2017

ASSETS	2018	Restated 2017
Cash:		
Unrestricted	\$ 6,850,024	\$ 7,249,731
Restricted	11,223,866	5,814,463
Receivables:		
Accounts Receivable	10,984	1,615
Due from Fiduciary Funds	107,124	106,487
State and Federal Aid Receivable	3,111,498	1,714,933
Due from Other Governments	755,630	594,467
Inventories	26,431	22,540
Deposit, Electric Reserve	26,808	26,462
Capital Assets, Net	41,643,129	36,923,778
Net Pension Asset-Proportionate Share	729,230	-
Total Assets	64,484,724	52,454,476
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Defeasance Loss	121,250	181,875
OPEB (GASB 75)	8,163,085	2,534,169
Pensions	11,202,280	10,936,897
Total Deferred Outflows of Resources	19,486,615	13,652,941
Total Assets and Deferred Outflows of Resources	\$ 83,971,339	\$ 66,107,417
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,907,278	\$ 326,125
Due to Other Governments	620,153	533,251
Due to Teacher's Retirement System	1,681,133	1,864,970
Due to Employee Retirement System	206,055	190,137
Long-Term Liabilities		
Bonds Payable and long-term debt, Current	1,051,396	890,000
Due and payable after one year:		
Bonds Payable and long-term debt, Non-Current	10,485,853	4,345,260
Compensated Absences Payable	3,142,806	3,130,446
Other Post Employment Benefits	118,500,646	125,419,790
Net Pension Liability-Proportionate Share	519,624	2,406,872
Total Liabilities	138,114,944	139,106,851
DEFERRED INFLOWS OF RESOURCES		
OPEB (GASB 75)	16,683,719	-
Pensions	4,187,325	1,139,084
Total Deferred Inflows of Resources	158,985,988	140,245,935
NET POSITION		
Net Investment in Capital Assets	30,227,130	31,688,518
Restricted	9,885,700	5,766,871
Unrestricted (deficit)	(115,127,479)	(111,593,907)
Total Net Position	(75,014,649)	(74,138,518)
Total Liabilities, Deferred Inflows and Net Position	\$ 83,971,339	\$ 66,107,417

See Notes to the Financial Statements.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018 and 2017

Functions/ Programs	2018			2017	
	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
General Support	\$ (4,637,908)	\$ -	\$ 1,286,683	\$ (3,351,225)	\$ (2,992,799)
Instruction	(24,436,947)	-	4,748,104	(19,688,843)	(18,278,880)
Pupil Transportation	(2,026,286)	-	-	(2,026,286)	(1,859,606)
Employee Benefits	(15,365,676)	-	-	(15,365,676)	(17,606,516)
Debt Service	(387,053)	-	-	(387,053)	(283,991)
Cost of Sales (School Lunch)	(723,338)	62,356	-	(660,982)	(662,199)
Total Functions and Programs	\$ (47,577,208)	\$ 62,356	\$ 6,034,787	(41,480,065)	(41,683,991)
General Revenues					
Real Property Taxes				17,998,700	17,663,466
Other Tax Items/STAR Aid				2,467,441	2,543,026
Charges for Services				353,557	111,949
Use of Money and Property				139,909	63,286
Sale of Property and Compensation for Loss				9,657	511
Miscellaneous				478,505	684,179
State Sources				19,081,246	17,951,971
Federal Sources				74,919	94,971
Total General Revenues				40,603,934	39,113,359
Change in Net Position				(876,131)	(2,570,632)
Total Net Position - Beginning of Year				(74,138,518)	(11,099,589)
Prior period adjustment (Note 16)				-	(60,468,297)
Total Net Position - End of Year				\$ (75,014,649)	\$ (74,138,518)

See Notes to the Financial Statements.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018 and 2017

	General Fund	Special Revenue	Capital Projects	Debt Service	2018 TOTAL	2017 TOTAL
ASSETS						
Unrestricted Cash	\$ 6,683,585	\$ 166,439	\$ -	\$ -	\$ 6,850,024	\$ 7,249,731
Restricted Cash	5,804,885	-	5,418,981	-	11,223,866	5,814,463
Accounts Receivable	9,897	1,087	-	-	10,984	1,615
Due from Other Funds	2,320,518	19,453	-	315,463	2,655,434	1,689,916
Due from Fiduciary Funds	107,124	-	-	-	107,124	106,487
Inventories	-	26,431	-	-	26,431	22,540
State & Federal Aid Receivable	757,360	2,254,143	99,995	-	3,111,498	1,714,933
Deposit, Electric Reserve	26,808	-	-	-	26,808	26,462
Due from Other Governments	755,630	-	-	-	755,630	594,467
Total Assets	\$ 16,465,807	\$ 2,467,553	\$ 5,518,976	\$ 315,463	\$ 24,767,799	\$ 17,220,614
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 192,635	\$ 193,381	\$ 1,345,900	\$ -	\$ 1,731,916	\$ 326,125
Due to Other Funds	-	2,247,710	407,724	-	2,655,434	1,689,916
Due to Other Governments	620,122	31	-	-	620,153	533,251
Due to Teachers' Retirement System	1,681,133	-	-	-	1,681,133	1,864,970
Due to Employees' Retirement System	206,055	-	-	-	206,055	190,137
Compensated Absences	-	-	-	-	-	-
Total Liabilities	2,699,945	2,441,122	1,753,624	-	6,894,691	4,604,399
Fund Balances:						
Nonspendable						
Inventories	-	26,431	-	-	26,431	22,540
Restricted						
Capital Reserve	552,765	-	3,765,352	-	4,318,117	848,293
Tax Certiorari	1,829,662	-	-	-	1,829,662	1,450,239
Unemployment Insurance	96,396	-	-	-	96,396	36,145
Employee Benefit Accrued Liability	2,582,779	-	-	-	2,582,779	2,502,279
Retirement of long-term debt	-	-	-	315,463	315,463	361,121
Workers Comp Reserve	140,329	-	-	-	140,329	49,978
Retirement Reserve	577,597	-	-	-	577,597	493,585
Reserve for Insurance	25,357	-	-	-	25,357	25,231
Assigned						
Appropriated Fund Balance	1,200,000	-	-	-	1,200,000	1,200,000
Encumbrances (Note 10)	1,041,421	-	-	-	1,041,421	986,841
Unassigned	5,719,556	-	-	-	5,719,556	4,639,963
Total Fund Balances	13,765,862	26,431	3,765,352	315,463	17,873,108	12,616,215
Total Liabilities and Fund Balances	\$ 16,465,807	\$ 2,467,553	\$ 5,518,976	\$ 315,463	\$ 24,767,799	\$ 17,220,614

See Notes to the Financial Statements.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2018 and 2017

	General	Special Revenue	Capital Projects	Debt Service	2018 <u>TOTAL</u>	2017 <u>TOTAL</u>
REVENUES						
Real Property Taxes	\$ 17,998,700	\$ -	\$ -	\$ -	\$ 17,998,700	\$ 17,663,466
Other Tax Items/STAR Aid	2,467,441	-	-	-	2,467,441	2,543,026
Charges for Services	353,557	-	-	-	353,557	111,949
Use of Money and Property	134,548	1,019	-	4,342	139,909	63,286
Sale of Property and Compensation for Loss	9,657	-	-	-	9,657	511
Miscellaneous	471,884	6,621	-	-	478,505	684,179
State Sources	18,981,251	3,654,909	99,995	-	22,736,155	21,833,050
Federal Sources	74,919	2,296,554	-	-	2,371,473	2,369,529
Surplus Food	-	83,324	-	-	83,324	93,930
Sales (School Lunch)	-	62,356	-	-	62,356	74,732
Total Revenues	<u>40,491,957</u>	<u>6,104,783</u>	<u>99,995</u>	<u>4,342</u>	<u>46,701,077</u>	<u>45,437,658</u>
EXPENDITURES						
General Support	3,909,438	485,811	-	-	4,395,249	4,358,725
Instruction	19,723,258	3,991,014	-	-	23,714,272	23,305,307
Pupil Transportation	1,630,231	24,352	-	-	1,654,583	1,625,494
Community Service	5,484	-	-	-	5,484	20,693
Employee Benefits	10,003,337	1,047,940	-	-	11,051,277	10,637,519
Debt Service	1,593,585	-	-	1,041,888	2,635,473	2,632,773
Cost of Sales (School Lunch)	-	723,338	-	-	723,338	736,931
Capital Outlay	-	-	6,050,904	-	6,050,904	1,283,713
Total Expenditures	<u>36,865,333</u>	<u>6,272,455</u>	<u>6,050,904</u>	<u>1,041,888</u>	<u>50,230,580</u>	<u>44,601,155</u>
OTHER SOURCES AND USES						
Proceeds of Debt (energy performance contract)	-	-	7,196,396	-	7,196,396	-
Bond Anticipation Notes Redeemed From Appropriations	-	-	1,590,000	-	1,590,000	715,000
Interfund Transfers In	-	171,563	432,322	991,888	1,595,773	3,241,909
Interfund Transfers (Out)	(1,595,773)	-	-	-	(1,595,773)	(3,241,909)
Total Other Sources and (Uses)	<u>(1,595,773)</u>	<u>171,563</u>	<u>9,218,718</u>	<u>991,888</u>	<u>8,786,396</u>	<u>715,000</u>
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	2,030,851	3,891	3,267,809	(45,658)	5,256,893	1,601,503
Fund Balance, Beginning of Year	11,735,011	22,540	497,543	361,121	12,616,215	11,014,712
Fund Balance, End of Year	<u>\$ 13,765,862</u>	<u>\$ 26,431</u>	<u>\$ 3,765,352</u>	<u>\$ 315,463</u>	<u>\$ 17,873,108</u>	<u>\$ 12,616,215</u>

See Notes to the Financial Statements.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018 and 2017

	Private Purpose Trust	Agency	<u>2018</u> Total	<u>2017</u> Total
ASSETS				
Cash	\$ 30,868	\$ 199,913	\$ 230,781	\$ 234,464
Total Assets	<u>\$ 30,868</u>	<u>\$ 199,913</u>	<u>\$ 230,781</u>	<u>\$ 234,464</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ 107,124	\$ 107,124	\$ 106,487
Extra Classroom Activities Balances	<u>-</u>	<u>92,789</u>	<u>92,789</u>	<u>90,423</u>
Total Liabilities	<u>-</u>	<u>199,913</u>	<u>199,913</u>	<u>196,910</u>
NET POSITION				
Reserved for Scholarships	<u>30,868</u>	<u>-</u>	<u>30,868</u>	<u>37,554</u>
Total Net Position	<u>30,868</u>	<u>-</u>	<u>30,868</u>	<u>37,554</u>
Total Liabilities and Net Position	<u>\$ 30,868</u>	<u>\$ 199,913</u>	<u>\$ 230,781</u>	<u>\$ 234,464</u>

See Notes to the Financial Statements

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 6

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	<u>Private Purpose Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Gifts and Contributions	\$ 13,400	\$ 18,801
Investment Earnings	<u>214</u>	<u>130</u>
Total Additions	<u>13,614</u>	<u>18,931</u>
DEDUCTIONS		
Scholarships and Awards	<u>20,300</u>	<u>14,650</u>
Total Deductions	<u>20,300</u>	<u>14,650</u>
Changes in Net Position	(6,686)	4,281
Net Position, Beginning of Year	<u>37,554</u>	<u>33,273</u>
Net Position, End of Year	<u><u>\$ 30,868</u></u>	<u><u>\$ 37,554</u></u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Unrestricted Cash	\$ 6,850,024	\$ -	\$ -	\$ 6,850,024
Restricted Cash	11,223,866	-	-	11,223,866
Accounts Receivable	10,984	-	-	10,984
Due from Other Funds	2,655,434	-	(2,655,434)	-
Due from Fiduciary Funds	107,124	-	-	107,124
State & Federal Aid Receivable	3,111,498	-	-	3,111,498
Due from Other Governments	755,630	-	-	755,630
Inventories	26,431	-	-	26,431
Deposit, Electric Reserve	26,808	-	-	26,808
Capital Assets, Net	-	41,643,129	-	41,643,129
Net Pension Asset-Proportionate Share	-	729,230	-	729,230
Total Assets	24,767,799	42,372,359	(2,655,434)	64,484,724
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Defeasance Loss	-	121,250	-	121,250
OPEB (GASB 75)	-	8,163,085	-	8,163,085
Pensions	-	11,202,280	-	11,202,280
Total Assets and Deferred Outflows of Resources	\$ 24,767,799	\$ 61,858,974	\$ (2,655,434)	\$ 83,971,339
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 1,731,916	\$ 175,362	\$ -	\$ 1,907,278
Due to Other Funds	2,655,434	-	(2,655,434)	-
Due to Other Governments	620,153	-	-	620,153
Due to Teacher's Retirement System	1,681,133	-	-	1,681,133
Due to Employee's Retirement System	206,055	-	-	206,055
Bonds Payable and other long term debt	-	11,537,249	-	11,537,249
Compensated Absences	-	3,142,806	-	3,142,806
Other Post Employment Benefits	-	118,500,646	-	118,500,646
Net Pension Liability- Proportionate Share	-	519,624	-	519,624
Total Liabilities	6,894,691	133,875,687	(2,655,434)	138,114,944
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	16,683,719	-	16,683,719
Pensions	-	4,187,325	-	4,187,325
Total Deferred Inflows of Resources	-	20,871,044	-	20,871,044
FUND EQUITY/NET POSITION				
Total Fund Equity/ Net Position	17,873,108	(92,887,757)	-	(75,014,649)
Total Liabilities, Deferred Inflows, and Fund Equity/ Net Position	\$ 24,767,799	\$ 61,858,974	\$ (2,655,434)	\$ 83,971,339

See Notes to the Financial Statements

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 8

RECONCILIATION OF GOVERNMENTAL FUNDS - REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real Property Taxes	\$ 17,998,700	\$ -	\$ -	\$ -	\$ -	\$ 17,998,700
Other Tax Items/STAR Aid	2,467,441	-	-	-	-	2,467,441
Charges for Services	353,557	-	-	-	-	353,557
Use of Money and Property	139,909	-	-	-	-	139,909
Sale of Property and Compensation for Loss	9,657	-	-	-	-	9,657
Miscellaneous	478,505	-	-	-	-	478,505
State Sources	22,736,155	-	-	-	-	22,736,155
Federal Sources	2,371,473	-	-	-	-	2,371,473
Surplus Food	83,324	-	-	-	-	83,324
Sales (School Lunch)	62,356	-	-	-	-	62,356
Total Revenues	<u>46,701,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,701,077</u>
EXPENDITURES						
General Support	4,395,249	-	242,659	-	-	4,637,908
Instruction	23,714,272	-	717,191	-	-	24,431,463
Pupil Transportation	1,654,583	-	371,703	-	-	2,026,286
Community Service	5,484	-	-	-	-	5,484
Employee Benefits	11,051,277	4,314,399	-	-	-	15,365,676
Debt Service	2,635,473	231,580	-	(890,000)	(1,590,000)	387,053
Cost of Sales (School Lunch)	723,338	-	-	-	-	723,338
Capital Outlay	6,050,904	-	(6,050,904)	-	-	-
Total Expenditures	<u>50,230,580</u>	<u>4,545,979</u>	<u>(4,719,351)</u>	<u>(890,000)</u>	<u>(1,590,000)</u>	<u>47,577,208</u>
OTHER SOURCES AND USES						
Proceeds of Debt (energy performance contract)	7,196,396	-	-	-	(7,196,396)	-
Bond Anticipation Notes Redeemed	1,590,000	-	-	-	(1,590,000)	-
Operating Transfers In	1,595,773	-	-	-	(1,595,773)	-
Operating Transfers (Out)	(1,595,773)	-	-	-	1,595,773	-
Total Other Sources and Uses	<u>8,786,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,786,396)</u>	<u>-</u>
Net Change for the Year	<u>\$ 5,256,893</u>	<u>\$ (4,545,979)</u>	<u>\$ 4,719,351</u>	<u>\$ 890,000</u>	<u>\$ (7,196,396)</u>	<u>\$ (876,131)</u>

See Notes to the Financial Statements

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

The general purpose financial statements of Beekmantown Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

- A. Financial Reporting Entity: The Beekmantown Central School District Board of Education is the basic level of government, which has financial accountability and control over all activities related to the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The general-purpose financial statements include all funds of the District as well as the component units and other organizational entities determined to be includable in the District's financial reporting entity.

- B. Extraclassroom Activity Funds - The Extraclassroom Activity Funds of the Beekmantown Central School 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. The cash and investment balances are reported in the Fiduciary Funds of the District. Separate audited general financial statements (cash basis) of the Extraclassroom Activity Funds can be found attached to the general-purpose financial statements.
- C. Joint Venture - The Beekmantown Central School District is one of 17 component school districts in the Clinton/Essex/Warren/Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share 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. 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.

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

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

During the year ended June 30, 2018, the District was billed \$3,039,625 for BOCES administrative and program cost and received \$1,194,892 representing the District's share of BOCES aid. BOCES also refunded the District \$198,384 for excess expenses billed in prior years.

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.

D. Basis of presentation

1. 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.

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 recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Non-major funds are aggregated and presented in a single column. Beekmantown Central School District elects to report all governmental funds as major funds.

Governmental Fund Types: Governmental funds are those funds used to account for, and report, the operations of the District. The acquisition, use and balances of financial resources and related assets and liabilities are reported

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

therein. The measurement focus is the determination of changes in financial position rather than net income determination. The following funds and aggregate governmental fund types are employed in accounting for and reporting District operations:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Special Aid Fund - used to account for Federal and State special program activities.

School Lunch Fund- used to account for transactions for the District food service programs.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for acquisition, construction or renovation of major capital facilities, or equipment.

Debt Service Fund – the debt service fund is used to account for the financial resources used for acquisition, construction, or major repairs of capital facilities.

Fiduciary Fund Types: Fiduciary fund types consist of private purpose trust funds and agency funds and are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Private purpose funds include scholarship funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Assets are held by the District as agent for various student groups or extra classroom activity funds and for payroll or employee withholding. 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.

E. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On a modified accrual

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the subsequent fiscal year.

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepaids and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when billed by the state.
- e. The District recognizes the cost of providing post-retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.

F. Cash and Cash Equivalents: For financial statement purposes, all highly liquid investments having maturities of three months or less are considered as cash equivalents.

G. Inventories: Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of items (which could be inventoried) in other funds are recorded as expenditures at the time of purchase.

H. Capital Assets: Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the District, and are capitalized when cost of acquisition exceeds \$5,000, \$1,500 for years prior to June 30, 2017. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at estimated fair market value at the time received.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

- I. Unearned Revenue: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.
- J. Deferred Compensation: Employees of the District may elect to participate in an Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.
- K. Post-Employment Benefits: In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing post-retirement benefits is paid by the District or is shared between the District and the retired employee, depending on length of service and/or classification of employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents as an expenditure or operating transfer to other funds in the General Fund in the year paid.
- L. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- M. 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, constructions or improvements of those assets.

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

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

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund statements:

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$26,431.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefits Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Tax Certiorari

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

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess gets applied to appropriations of the next succeeding fiscal year's budget.

Retirement Contributions

According to General Municipal Law §6-r, must be used for 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.

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2018.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$1,041,421.

Unassigned – Includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

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. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

N. Budgetary Procedures and Budgetary Accounting

1. Budget Policies - The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:
General Fund

The voters within the District approved the proposed appropriation budget for the General Fund.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Appropriations are adopted at the program level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.

2. Budget Basis of Accounting - 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 budget and actual comparison for the General Fund, included in the Combined Statement of Revenues and Expenditures - Budget and Actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

P. Events Occurring After Reporting Date

The District has evaluated events and transactions that occurred between June 30, 2018 and September 14, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Q. Estimates

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

R. Reclassifications

Certain amounts in the 2017 financial statements may have been reclassified to conform to the 2018 presentation.

S. Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item is, the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This amount represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first relates to pensions reported in the district-wide Statement of Net position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

T. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2018:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources 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 differs from "net position" of

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

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.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the 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, with their original costs capitalized and depreciation expensed annually over their useful lives.

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance. They are, however, included in the net position of the governmental activities. As of June 30, 2018 the District did not have any assets unavailable to pay for current-period expenditures.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period.

Explanation of Differences Between Governmental Fund Balances and District Wide Net Assets

Ending fund balance reported on Balance Sheet - Governmental Funds (Exhibit 3)	\$ 17,873,108
Capital assets net of related depreciation	41,643,129
Net pension asset	729,230
Deferred outflows:	
Unamortized defeasance loss	121,250
Pensions - TRS	9,616,263
Pensions - ERS	1,586,017
OPEB (GASB 75)	8,163,085
Accrued interest	(175,362)
Liabilities, long term	
Bonds payable and other long term debt	(11,506,396)
Other post employment benefits	(118,500,646)
Compensated absences	(3,142,806)
Net pension liability	(519,624)
Bond premium, net of amortization	(30,853)

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Deferred inflows:	
Pensions - TRS	(2,514,643)
Pensions - ERS	(1,672,682)
OPEB (GASB 75)	<u>(16,683,719)</u>
Ending net position reported on Statement of Net Position (Exhibit 1)	<u><u>\$ (75,014,649)</u></u>

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

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur as a result of proceeds from serial bonds reflected as revenue in governmental funds whereas they are a liability on the statement of net position. Also both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

4. Other Post-Employment Benefits Differences

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the OPEB Obligation in the Statement of Net Position.

5. Pension Differences

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

Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and other Funding Sources

Revenues:

Total Revenue reported in Governmental Funds (Exhibit 4)	\$ 46,701,077
No current year adjustments	<u>-</u>
Total Revenues Statement of Activities (Exhibit 8)	<u>\$ 46,701,077</u>

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 50,230,580
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In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned 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). Compensated absences earned during the year exceeded the amount used.

12,360

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

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. This is the amount by which capital expenditures exceeded depreciation expense in the current year. (Exhibit 8)	(4,719,351)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities, (Exhibit 8)	(890,000)
Amortization of deferred interest	60,625
Amortization of bond premium	(4,407)
Accrued interest on long term debt is an expense on the Statement of Activities, but not on governmental funds.	175,362
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense	4,135,659
Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Project's Fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)	(1,590,000)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.	
Teachers' Retirement System	161,652
Employees' Retirement System	4,728
	<hr/>
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	<u>\$ 47,577,208</u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Other Sources and Uses:

Total other sources and uses in government funds (Exhibit 4)	\$ 8,786,396
Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Project's fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)	(1,590,000)
Proceeds from long term debt are other sources of income in the Capital Projects Fund, but are removed from the Statement of Activities and shown as a long term liability on the Statement of Net Position	<u>(7,196,396)</u>
Total other sources and uses in Statement of Activities (Exhibit 8)	<u><u>\$ -</u></u>

Note 3. Cash and Investments

The District's investment policies are governed by State statutes and the District's own written policy. 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 deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and Districts.

At June 30, 2018, the District's bank balances totaled \$13,580,825 of which, \$250,000 was covered by Federal depository insurance \$13,330,825 was covered by collateral held by the pledging banks in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2018 was \$11,223,866.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2018 and for the fiscal year then ended, were as follows:

<u>Fund Type</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General	\$ 2,427,642	\$ -	\$ -	\$ 1,595,773
Capital	-	407,724	432,322	-
Special Revenue:				
School Lunch	-	146,406	133,480	-
Special Aid	23,326	2,105,177	38,083	-
Debt Service	315,463	-	991,888	-
Trust and Agency	-	107,124	-	-
Total	<u>\$ 2,766,431</u>	<u>\$ 2,766,431</u>	<u>\$ 1,595,773</u>	<u>\$ 1,595,773</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically transfers money from the General Fund to the Debt Service Fund, where it makes principal and interest payments on the District's bonds.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

The School District typically transfers money from the General Fund to the Special Aid Fund for its share of special aid programs.

The School District transferred money from the General Fund to the School Lunch Fund to fund its operating loss.

All interfund payables are expected to be repaid within one year.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 5. Capital Assets

The following is a summary of changes in capital assets:

	June 30, 2017		Retirements/ Reclassifications	June 30, 2018
	Balance	Additions		Balance
Governmental Activities				
Capital Assets that are not Depreciated:				
Land	\$ 73,608	\$ -	\$ -	\$ 73,608
Construction in Progress	932,196	5,578,245	-	6,510,441
Total Nondepreciable Historical Cost	<u>\$ 1,005,804</u>	<u>\$ 5,578,245</u>	<u>\$ -</u>	<u>\$ 6,584,049</u>
Capital Assets that are Depreciated:				
Buildings	\$ 49,010,246	\$ 18,568	\$ -	\$ 49,028,814
Machinery and Equipment	8,600,364	801,689	(222,591)	9,179,462
Total Depreciable Historical Cost	<u>57,610,610</u>	<u>820,257</u>	<u>(222,591)</u>	<u>58,208,276</u>
Less Accumulated Depreciation:				
Buildings	16,619,948	905,150	-	17,525,098
Machinery and Equipment	5,072,688	774,001	(222,591)	5,624,098
Total Accumulated Depreciation	<u>21,692,636</u>	<u>1,679,151</u>	<u>(222,591)</u>	<u>23,149,196</u>
Total Depreciable Historical Cost, Net	<u>\$ 35,917,974</u>	<u>\$ (858,894)</u>	<u>\$ -</u>	<u>\$ 35,059,080</u>
Total Capital Assets, Net	<u>\$ 36,923,778</u>	<u>\$ 4,719,351</u>	<u>\$ -</u>	<u>\$ 41,643,129</u>

Depreciation was charged to governmental functions as follows:

	6/30/2018
General support	\$ 320,885
Instruction	962,655
Pupil transportation	395,611
	<u>\$ 1,679,151</u>

Note 6. Compensated Absences

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.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 6. Compensated Absences (continued)

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

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

Note 7. Indebtedness

Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Although the District's construction BANs mature in one year, each year the School District pays only one-fifth of the original amount of the BAN and renews the balance due so that the entire amount is paid off in five years. The School District has one BAN as described above. The interest rate on the BAN is 1.98%. The BAN had an outstanding balance of \$0 at June 30, 2018.

The following is a summary of changes in short-term debt:

	6/30/2017	Additions	Deletions	6/30/2018
Bond Anticipation Notes	\$ -	\$ 1,590,000	\$ 1,590,000	\$ -

BANs are comprised of the following:

Payee	Interest Rate	Date Issued	Maturity Date	Purpose	Balance 6/30/2018
NBT Bank, N.A	1.98%	5/16/2018	6/27/2018	Construction	<u>\$ -</u>

Interest expense on the District's BAN obligations amounted to \$3,585 for 2017-2018.

Long-term Debt: Interest expense on the District's bond obligations amounted to \$151,887 for 2017-2018.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 7. Indebtedness (continued)

The following is a summary of changes in long-term debt:

	Restated Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Serial Bonds	\$ 5,200,000	\$ -	\$ 890,000	\$ 4,310,000
Bond Premium, net of amort	35,260	-	4,407	30,853
Lease-purchase Obligations	-	7,196,396	-	7,196,396
Compensated Absences	3,130,446	12,360	-	3,142,806
Other Post Employment Benefits	125,419,790	-	6,919,144	118,500,646
Total	<u>\$ 133,785,496</u>	<u>\$ 7,208,756</u>	<u>\$ 7,813,551</u>	<u>\$ 133,180,701</u>

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

Serial Bonds are comprised of the following:

Description of Issue	Issue Date	Maturity Date	Interest Rate	Outstanding at 6/30/18
Serial Bond	5/10/2012	6/30/2020	2.0-3.0%	\$ 1,080,000
Serial Bond	7/5/2013	6/15/2025	2.0-4.0%	2,280,000
Serial Bond	5/1/2014	5/1/2030	2.75-3.125%	950,000
Bond Premium, net of amort				30,853
Total				<u>\$ 4,340,853</u>

The following is a summary of debt service requirements for General Obligation Bonds, Notes and other long-term debt:

Fiscal Year Ending June 30:	Principal	Interest	Total
2019	\$ 905,000	\$ 133,563	\$ 1,038,563
2020	920,000	114,937	1,034,937
2021	385,000	87,512	472,512
2022	395,000	76,150	471,150
2023	415,000	61,287	476,287
2024-2028	1,130,000	105,588	1,235,588
2029-2033	160,000	7,075	167,075
	<u>\$ 4,310,000</u>	<u>\$ 586,112</u>	<u>\$ 4,896,112</u>

In prior years, the District defeased certain general obligations and other bonds 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 trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 7. Indebtedness (continued)

Lease-purchase obligations are as follows:

Description of Issue	Issue Date	Maturity Date	Interest Rate	Outstanding at 6/30/18
Energy performance contract	7/7/2017	6/15/2033	2.41%	\$ 7,196,396

The District entered into an Energy Performance Contract Municipal Lease/Purchase Agreement for \$7,196,396 to be spent on energy related improvements and equipment.

The following is a summary of capital lease obligations:

Fiscal Year Ending June 30:

2019		\$ 481,229
2020		546,794
2021		572,656
2022		582,666
2023		587,187
2024-2028		3,000,848
2029-2033		3,149,312
	Total minimum lease payments	8,920,692
	Less amount representing interest	(1,724,296)
	Present value of minimum lease payments	7,196,396
	Less current portion	(146,396)
	Long-term portion	\$ 7,050,000

Note 8. Pension Plans

General Information

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

Provisions and Administration

Teachers' Retirement System (TRS)

The System is governed by a 10 member Board of Trustees. 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

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 8. Pension Plans

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 State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The 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 (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The District also participated in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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 percent 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 ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8. Pension Plans (continued)

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

Contributions

	<u>ERS</u>	<u>TRS</u>
2018	\$ 618,893	\$ 1,858,244
2017	\$ 593,557	\$ 2,013,297
2016	\$ 643,813	\$ 2,328,054

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

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

At June 30, 2018 the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	3/31/2018	6/30/2017
Net Pension asset/(liability)	\$ (519,624)	\$ 729,230
District's portion of the Plan's total net pension asset/(liability)	0.0161002%	0.095939%

For the year ended June 30, 2018, the District's recognized pension expense of \$639,540 for ERS and the Actuarial value \$1,743,022 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8. Pension Plans (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 185,333	\$ 599,977	\$ 153,152	\$ 284,318
Changes of assumptions	344,554	7,420,061	-	-
Net difference between projected and actual earnings on pension plan investments	754,713	-	1,489,728	1,717,548
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	95,362	7,339	29,802	512,777
District's contributions subsequent to the measurement date	206,055	1,588,886	-	-
Total	<u>\$ 1,586,017</u>	<u>\$ 9,616,263</u>	<u>\$ 1,672,682</u>	<u>\$ 2,514,643</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2018	\$ -	\$ 78,403
2019	122,577	1,872,771
2020	106,863	1,314,491
2021	(358,801)	258,401
2022	(163,359)	1,310,404
Thereafter	-	678,264
Total	<u>\$ (292,720)</u>	<u>\$ 5,512,734</u>

Actuarial Assumptions

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

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 8. Pension Plans (continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2018	6/30/2017
Actuarial valuation date	4/1/2017	6/30/2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System Experience
Inflation rate	2.5%	2.5%

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

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

The Long term expected 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 rate 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. Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized below:

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 8. Pension Plans (continued)

Measurement Date	<u>ERS</u>	<u>TRS</u>
	3/31/2018	6/30/2016
Asset Type:	%	%
Domestic equity	4.55	5.90
International equity	6.35	7.40
Private equities	7.50	9.00
Real estate	5.55	4.30
Absolute return strategies	3.75	-
Domestic fixed income securities	-	1.60
Global fixed income securities	-	1.30
High-yield fixed income securities	-	3.90
Mortgages and bonds	1.31	2.80
Opportunistic portfolio	5.68	-
Real assets	5.29	-
Cash	(0.25)	-
Inflation-indexed bonds	1.25	-
Short-term	-	0.60

Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (6% for ERS and 6.25% for TRS) or 1% higher (8% for ERS and 8.25% for TRS) than the current rate:

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8. Pension Plans (continued)

ERS	1% Decrease 6%	Current Assumption 7%	1% Increase 8%
Employer's proportionate share of the net pension asset (liability)	\$ (3,931,619)	\$ (519,624)	\$ 2,366,786

TRS	1% Decrease 6.25%	Current Assumption 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension asset (liability)	\$ (12,562,479)	\$ 729,230	\$ 11,860,377

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	ERS	TRS	Total
Valuation date	3/31/2018	6/30/2017	
Employers' total pension asset/(liability)	\$ (183,400,590)	\$ (114,708,261,032)	\$ (114,891,661,622)
Plan Net Position	180,173,145	115,468,360,316	115,648,533,461
Employers' net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099,284</u>	<u>\$ 756,871,839</u>

Ratio of plan net position to the Employers' total pension asset/ (liability)	98.24%	100.66%	100.66%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$206,055.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$1,681,133.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 9. Post-Employment Benefits (Health Insurance) Benefits

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$2,983,626 for 347 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

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

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

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	233
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>352</u>
	<u>585</u>

B. Total OPEB Liability

The District's total OPEB liability of \$118,500,646 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

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

Inflation	2.2 percent
Salary Increases	3.5 percent

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9. Post-Employment (Health Insurance) Benefits (continued)

Discount Rate	3.6 percent
Healthcare Cost Trend Rates	7.0 percent for 2019, decreasing annually to an ultimate rate of 4.03 percent for 2088 and later years

The discount rate was based on Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 Mortality Table, as appropriate, with generational mortality adjusted to 2006 using scale MP-2014.

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 125,419,790</u>
<u>Changes for the Year-</u>	
Service Cost	5,058,507
Interest	3,682,519
Changes of benefit terms	371,740
Differences between expected and actual experience	6,394,385
Changes in assumptions or other inputs	(19,892,126)
Benefit payments	<u>(2,534,169)</u>
Net Changes	<u>(6,919,144)</u>
Balance at June 30, 2018	<u><u>\$ 118,500,646</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% percent in 2017 to 3.6% 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 (2.60 percent) or 1 percentage point higher (4.60 percent) than the current discount rate:

	1% Decrease 2.60%	Discount Rate 3.60%	1% Increase 4.60%
Total OPEB Liability	<u>\$ 141,249,637</u>	<u>\$ 118,500,646</u>	<u>\$ 100,509,312</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 or 1 percentage point higher than the current healthcare cost trend rate:

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9. Post-Employment (Health Insurance) Benefits (continued)

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 98,371,872</u>	<u>\$ 118,500,646</u>	<u>\$ 144,804,237</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 \$6,935,711. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,363,033	\$ -
Changes of assumptions or other inputs	-	(16,683,719)
Contributions subsequent to the measurement period	<u>2,800,052</u>	<u>-</u>
Total	<u>\$ 8,163,085</u>	<u>\$ (16,683,719)</u>

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

Fiscal Year Ending June 30,	Amount
2019	\$ (2,177,055)
2020	(2,177,055)
2021	(2,177,055)
2022	(2,177,055)
2023 and Thereafter	<u>(2,612,466)</u>
	<u>\$ (11,320,686)</u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 10. Assigned Fund Balance – Encumbrances

Assigned Fund Balance – Other includes year end encumbrances as follows:

<u>General Fund</u>	<u>2018</u>	<u>2017</u>
Board of Education	\$ 4,528	\$ 3,162
Central Admin	485	5,097
Finance	24,231	16,464
Staff	10,718	9,403
Central Services	640,004	137,040
Instruction Admin & Improvement	9,397	6,929
Teaching	50,103	382,252
Programs for Children with Handicap	5,237	4,179
Instructional Media	146,225	336,137
Pupil Services	68,191	1,627
Pupil Transportation	9,883	2,079
Community Service	4,320	3,212
Employee Benefits	68,099	79,260
	<u>\$ 1,041,421</u>	<u>\$ 986,841</u>

Note 11. Commitments and Contingencies

Risk Financing and Related Insurance - The Beekmantown Central School District is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees and students. These risks, and settled claims, are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risk reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 11. Commitments and Contingencies (continued)

The District is a defendant in certain lawsuits arising out of the ordinary course of business. While the outcome of lawsuits and other proceedings against the District cannot be predicted with certainty, the District does not expect that these matters will have a material adverse effect on its financial position.

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

Operating Leases - The District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2018 were approximately \$10,597.

Estimated future rents to be paid under this lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 15,629
2020	1,855
Total	<u>\$ 17,484</u>

Litigation – The District is aware of various petitions for tax certiorari proceedings which if successful would expose the district to significant tax refunds to the landowners. A reserve for tax certiorari is established and funded for \$1,829,662. The District is aware of petitions totaling \$1,829,662.

Note 12. Tax Abatements

The County of Clinton entered into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$744,443. The District received Payment in Lieu of Tax (PILOT) totaling \$310,737.

Note 13. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2018 was \$5,719,556 which represents 13.45% of next year's budget. The excess amounted to \$4,019,069.

The Board of Education appropriated a transfer from the General Fund to the school lunch fund for the 2018 year in the amount of \$134,480 to maintain a positive fund balance.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 14. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2017 financial statements, and in our report dated September 14, 2017 we expressed an unmodified opinion.

Note 15. Subsequent Events

Subsequent to June 30, 2018, the District issued a \$4,035,000 BAN to finance improvements to the District's buildings. The BAN matures on June 27, 2019.

The District received several tax certiorari claims which total approximately \$759,556. A Board resolution transferred \$759,556 from Unassigned Fund Balance to the Tax Certiorari Reserve.

Note 16. Change in Accounting Principles

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 Statement No.75 requires Districts to report Other Postemployment Benefits (OPEB), liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The District's net position has been restated as follows:

Net position beginning of year, as previously stated		\$ (13,670,221)
GASB Statement no. 75 implementation:		
OPEB Liability 06/30/17, as previously stated	62,417,324	
OPEB Liability 06/30/17, restated	<u>125,419,790</u>	
Increase in liability	(63,002,466)	(63,002,466)
Deferred outflow of resources for contributions subsequent to measurement date,		
06/30/17, as previously stated	-	
06/30/17, restated	<u>2,534,169</u>	
	2,534,169	<u>2,534,169</u>
Net position beginning of year, as restated		<u><u>\$ (74,138,518)</u></u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

June 30, 2018 and 2017

	Special Aid	School Lunch	2018 Total	2017 Total
ASSETS				
Unrestricted Cash	\$ 109,016	\$ 57,423	\$ 166,439	\$ 273,103
Account Receivable	-	1,087	1,087	727
State and Federal Aid Receivable	2,160,438	93,705	2,254,143	1,047,314
Due from Other Funds	19,453	-	19,453	171,285
Inventories	-	26,431	26,431	22,540
Total Assets	\$ 2,288,907	\$ 178,646	\$ 2,467,553	\$ 1,514,969
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable and Accrued Expenses	\$ 187,603	\$ 5,778	\$ 193,381	\$ 181,556
Due to Other Funds	2,101,304	146,406	2,247,710	1,310,835
Due to Other Governments	-	31	31	38
Total Liabilities	2,288,907	152,215	2,441,122	1,492,429
Fund Balance:				
Nonspendable				
Inventories	-	26,431	26,431	22,540
Total Fund Balance	-	26,431	26,431	22,540
Total Liabilities and Fund Balance	\$ 2,288,907	\$ 178,646	\$ 2,467,553	\$ 1,514,969

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - SPECIAL REVENUE FUNDS**

Years Ended June 30, 2018 and 2017

	Special Aid	School Lunch	2018 Total	2017 Total
REVENUES				
Use of Money and Property	\$ -	\$ 1,019	\$ 1,019	\$ 502
Miscellaneous	-	6,621	6,621	10,960
State Sources	3,623,766	31,143	3,654,909	3,931,079
Federal Sources	1,124,338	1,172,216	2,296,554	2,274,558
Surplus Foods	-	83,324	83,324	93,930
Sales	-	62,356	62,356	74,732
Total Revenues	<u>4,748,104</u>	<u>1,356,679</u>	<u>6,104,783</u>	<u>6,385,761</u>
EXPENDITURES				
General Support	-	485,811	485,811	466,344
Transportation	24,352	-	24,352	23,144
Instruction	3,991,014	-	3,991,014	4,276,822
Employee Benefits	770,821	277,119	1,047,940	1,016,189
Cost of Sales	-	723,338	723,338	736,931
Total Expenditures	<u>4,786,187</u>	<u>1,486,268</u>	<u>6,272,455</u>	<u>6,519,430</u>
OTHER SOURCES AND USES				
Interfund Transfers In	<u>38,083</u>	<u>133,480</u>	<u>171,563</u>	<u>138,108</u>
Total Other Uses and Sources	<u>38,083</u>	<u>133,480</u>	<u>171,563</u>	<u>138,108</u>
Excess (Deficit) of Revenues over Expenditures	-	3,891	3,891	4,439
Fund Balance, Beginning	-	22,540	22,540	18,101
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 26,431</u>	<u>\$ 26,431</u>	<u>\$ 22,540</u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
Year Ended June 30, 2018**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 41,027,951
Add: Prior year's encumbrances	986,841
Gifts and donations	46,702
Appropriated reserves	131,472
	<u>1,165,015</u>
 Final budget	 <u><u>\$ 42,192,966</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-2019 expenditure budget	\$ 42,512,179
Maximum allowed (4% of 2018-19 budget)	

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

Unrestricted fund balance:		
Committed fund balance	\$ -	
Assigned fund balance	2,241,421	
Unassigned fund balance	5,719,556	
Total unrestricted fund balance	<u>7,960,977</u>	
 Less:		
Appropriated fund balance	1,200,000	
Encumbrances included in assigned fund balance	1,041,421	
Total adjustments	<u>2,241,421</u>	
 General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		 <u><u>\$ 5,719,556</u></u>
 Actual percentage		 <u><u>13.45%</u></u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2018

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local Sources:				
Real Property Taxes	\$ 17,998,700	\$ 17,998,700	\$ 17,998,700	\$ -
Other Tax Items/STAR Aid	2,514,473	2,514,473	2,467,441	(47,032)
Charges for Services	47,500	47,500	353,557	306,057
Use of Money and Property	33,000	33,000	134,548	101,548
Sale of Property and Compensation for Loss	1,000	1,000	9,657	8,657
Miscellaneous	278,000	324,702	471,884	147,182
State Sources	18,695,278	18,695,278	18,981,251	285,973
Federal Sources	110,000	110,000	74,919	(35,081)
Total Revenues	39,677,951	39,724,653	40,491,957	767,304
Other Financing Sources				
Appropriated Reserves	150,000	1,268,313	-	-
	150,000	1,268,313	-	-
Total Revenues and Appropriated Fund Balance	\$ 39,827,951	\$ 40,992,966	\$ 40,491,957	\$ 767,304

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Budgetary Actual and Encumbrances
Expenditures:					
General Support:					
Board of Education	\$ 42,777	\$ 45,512	\$ 17,661	\$ 4,528	\$ 23,323
Central Administration	243,275	247,427	240,095	485	6,847
Finance	368,256	382,225	345,447	24,231	12,547
Staff	233,665	212,768	187,110	10,718	14,940
Central Services	2,348,730	3,348,687	2,413,263	640,004	295,420
Special Items	722,692	722,659	705,862	-	16,797
Instructional:					
Administration and Improvement	1,090,989	1,119,798	994,897	9,397	115,504
Teaching - Regular School	10,485,049	10,938,515	10,356,964	50,103	531,448
Programs for Children with Handicapping Conditions	5,492,872	4,395,323	4,102,450	5,237	287,636
Teaching - Special Schools	1,327,257	1,043,482	832,711	-	210,771
Instructional Media	1,182,069	1,923,737	1,621,636	146,225	155,876
Pupil Service	1,844,222	1,985,006	1,814,600	68,191	102,215
Pupil Transportation	1,752,875	1,755,669	1,630,231	9,883	115,555
Community Service	18,674	18,687	5,484	4,320	8,883
Employee Benefits	10,353,187	10,512,447	10,003,337	68,099	441,011
Debt Service	1,596,264	1,593,586	1,593,585	-	1
Total Expenditures	39,102,853	40,245,528	36,865,333	1,041,421	\$ 2,338,774
Other Uses:					
Interfund Transfer	1,925,098	1,947,438	1,595,773	-	351,665
Total Expenditures and Other Uses	\$ 41,027,951	\$ 42,192,966	38,461,106	\$ 1,041,421	2,690,439
Net Change in Fund Balance	\$ (1,200,000)	(1,200,000)	2,030,851		
Fund Balance - Beginning	11,735,011	11,735,011	11,735,011		
Fund Balance - Ending	\$ 10,535,011	\$ 10,535,011	\$ 13,765,862		

See Independent Auditor's Report.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2018

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Methods of Financing				Fund Balance June 30, 2018
							Proceeds of Obligations	State Aid	Local Sources	Total	
Construction											
Energy Performance Contract	\$ 7,334,310	\$ 7,334,310	\$ 405,447	\$ 4,918,426	\$ 5,323,873	\$ 2,010,437	\$ 7,196,396	\$ -	\$ 24,739	\$ 7,221,135	\$ 1,897,262
2017-2019 Project	18,025,300	18,025,300	526,749	594,960	1,121,709	16,903,591	-	-	2,995,000	2,995,000	1,873,291
Smart Schools	100,000	100,000	-	99,995	99,995	5	-	99,995	-	99,995	-
100k Project	100,000	100,000	-	5,201	5,201	-	-	-	-	-	(5,201)
	<u>25,559,610</u>	<u>25,559,610</u>	<u>932,196</u>	<u>5,618,582</u>	<u>6,550,778</u>	<u>18,914,033</u>	<u>7,196,396</u>	<u>99,995</u>	<u>3,019,739</u>	<u>10,316,130</u>	<u>3,765,352</u>
Buses											
Buses 262-265	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>432,322</u>	<u>432,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,322</u>	<u>432,322</u>	<u>-</u>
Total	<u>\$ 25,999,610</u>	<u>\$ 25,999,610</u>	<u>\$ 932,196</u>	<u>\$ 6,050,904</u>	<u>\$ 6,983,100</u>	<u>\$ 18,914,033</u>	<u>\$ 7,196,396</u>	<u>\$ 99,995</u>	<u>\$ 3,452,061</u>	<u>\$ 10,748,452</u>	<u>\$ 3,765,352</u>

See Independent Auditor's Report.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS
Year Ended June 30, 2018

Capital Assets, Net	\$	41,643,129
Add: Unamortized bond discount		121,250
Deduct:		
Premium on bonds payable		30,853
Short-term portion of bonds payable and long-term debt		1,051,396
Long-term portion of bonds payable and long-term debt		10,455,000
Net investment in capital assets	\$	<u>30,227,130</u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Year Ended June 30, 2018**

	<u>2018</u>
Measurement Date	July 1, 2017
Total OPEB Liability:	
Service Cost	\$ 5,058,507
Interest	3,682,519
Changes in benefit terms	371,740
Differences between expected and actual experience in the Measurement of the total OPEB liability	6,394,385
Changes of assumptions or other inputs	(19,892,126)
Benefit payments	<u>(2,534,169)</u>
Net change in total OPEB liability	(6,919,144)
Total OPEB liability - beginning	<u>125,419,790</u>
Total OPEB liability - Ending	<u><u>\$ 118,500,646</u></u>
Covered payroll	<u><u>\$ 21,453,150</u></u>
Total OPEB liability as a percentage of covered payroll	552%

10 years of historical information will not be available upon implementation. 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.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2018

NYSERS Pension Plan
 Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0161002%	0.0147467%	0.0140758%	0.0100000%						
District's proportionate share of the net pension liability (asset)	\$ 519,624	\$ 1,385,629	\$ 2,259,199	\$ 487,825						
District's covered- employee payroll	\$ 4,718,348	\$ 4,417,626	\$ 4,232,977	\$ 3,814,252						
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.01%	31.37%	53.37%	12.79%						
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%						

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2018

NYSERS Pension Plan
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 618,893	\$ 593,577	\$ 643,813	\$ 645,261	681,796	591,933	644,889	378,075	227,063	292,182
Contributions in relation to the contractually required contribution	\$ 618,893	\$ 593,577	\$ 643,813	\$ 645,261	681,796	591,933	644,889	378,075	227,063	292,182
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 4,718,348	\$ 4,417,626	\$ 4,232,977	\$ 3,814,252						
Contributions as a percentage of covered-employee payroll	13.1%	13.4%	15.2%	16.9%						

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2018

NYSTRS Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.095939%	0.095350%	0.086853%	0.084388%	0.086299%					
District's proportionate share of the net pension liability (asset)	\$ (729,230)	\$ 1,021,243	\$ (9,021,301)	\$ (9,400,275)	\$ (568,067)					
District's covered- employee payroll	\$ 16,213,126	\$ 15,268,272	\$ 14,876,763	\$ 12,161,910						
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.50%	6.69%	-60.64%	-77.29%						
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%						

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2018

NYSTRS Pension Plan
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,781,808	\$ 1,951,014	\$ 2,287,062	\$ 2,025,626	1,496,689	-	-	-	-	-
Contributions in relation to the contractually required contribution	\$ 1,781,808	\$ 1,951,014	\$ 2,287,062	\$ 2,025,626	1,496,689	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 16,213,126	\$ 15,268,272	\$ 14,876,763	\$ 12,161,910						
Contributions as a percentage of covered-employee payroll	10.99%	12.78%	15.37%	16.66%						

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA - Part B, Section 611	84.027	0032-18-0133	\$ 463,440
IDEA - Part B, Section 619	84.173	0033-18-0133	26,580
Total Special Education Cluster			<u>490,020</u>
Title I A&D Imprv Acad Achmt F/Disad	84.010	0021-18-0480	539,821
Title II, Part A	84.367	0147-18-0480	94,497
Total Department of Education			<u><u>1,124,338</u></u>
U.S. Department of Agriculture			
Pass-through New York State Department of Education			
National School Lunch Program- cash	10.555		812,858
National School Lunch Program- commodities	10.555		83,324
School Breakfast Program	10.553		339,443
Summer Food Service Program	10.559		19,915
Total Child Nutrition Cluster			<u>1,255,540</u>
Total Department of Agriculture			<u>1,255,540</u>
Total Federal Assistance Expended			<u><u>\$ 2,379,878</u></u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

Note 1. Basis of Presentation

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.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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
Beekmantown Central School District
West Chazy, New York 12992

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Beekmantown Central School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Beekmantown Central School District's basic financial statements and have issued our report thereon dated September 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beekmantown Central School 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 the purpose of expressing an opinion on the effectiveness of Beekmantown Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Beekmantown Central School 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 Beekmantown Central School Districts financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 the internal control exists 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. The findings are referenced as 18-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beekmantown Central School 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 18-1.

District's Response to Findings

Beekmantown Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Beekmantown Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This 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.

Boulrice & Wood CPAs, PC

September 14, 2018

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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
Beekmantown Central School District
West Chazy, New York 12992

Report on Compliance for Each Major Federal Program

We have audited Beekmantown Central School District's compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on Beekmantown Central School District's major federal programs for the year ended June 30, 2018. Beekmantown Central School 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 major federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Beekmantown Central School 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 Beekmantown Central School 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 Beekmantown Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beekmantown Central School 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 the 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.

Boubrice & Wood CPAs, PC

September 14, 2018

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
· Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
· Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>X</u> yes	_____ no
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal control over major programs:		
· Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
· Significant deficiencies identified not considered to be a material weakness?	_____ yes	_____ <u>X</u> no
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____ yes	_____ <u>X</u> no

Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title 1 A&D Imprv Acad Achmt F/Disad

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk Auditee?	_____ <u>X</u> yes	_____ no

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
JUNE 30, 2018**

18-1 Excess Fund Balance

Condition: The District's unassigned general fund balance was 13.45% of next year's budget.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Effect: The District's unassigned general fund balance was 9.45%, or \$4,019,069 over the amount allowable by law.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

Corrective action: The District acknowledges and agrees the June 30, 2018 level of unassigned general fund balance is \$5,719,556. This balance equates to 13.45% of the ensuing budget which exceeds the NYSED allowable 4% level. It should be noted the Board of Education will need to immediately utilize \$759,556 of this unassigned general fund balance to cover newly presented tax certiorari claims. The District received various legal notifications of 2018 Tax Certiorari claims between July and September 2018 - which follows a recent multiyear trend. Following the anticipated transfer to cover these Tax Certiorari claims, the resulting unassigned general fund balance will be at 11.67% of the ensuing budget or \$4,960,000 which represents about 6 weeks of annual total expenditures for 2018-19 estimated at approximately \$4,905,000.

During the past year the District invested substantial resources in updating a multiyear budget and financial plan. In tandem with this ongoing effort the District shared the multiyear financial plan forecast with the community and all stakeholders.

The Board of Education will continue to apply a comprehensive multiyear approach to manage unassigned general fund balance levels at statutory limits. The Board of Education supports appropriating and adjusting fund balance in a methodical and disciplined multiyear approach balancing educational mandates, student needs and learning opportunities with consistent fiscal management utilizing taxpayer funds in a prudent manner to avoid unnecessary "tax rate spikes", while complying with tax levy limit restrictions.

The board of education has adopted a reserve policy on unassigned fund balance as follows: "The maximum legal limit is recommended (4% of the ensuing budget). The district has a practice of maintaining a 4% fund balance level. Any funds in excess of the 4% at the end of the fiscal year will be appropriated during the next budget cycle. During the 2018-19 fiscal year, the district will attempt to save 3% of budgeted appropriations to appropriate towards the 2019-2020 budget (\$1,200,000). Additionally, in August 2018 the District was served with tax certiorari claims totaling about \$760,000. Given the history of these claims, it is believed the district will see claims of a similar amount in August 2019 and 2020. Therefore, if funds are available as of June 30, 2019 and June 30, 2020, the District should make an effort to keep an amount of about \$760,000 in unassigned fund balance (above the 4% limit) to be appropriated to the tax certiorari reserve."

This Board of Education reserve policy recommends an unassigned fund balance of about \$3,660,500. (4% of the 2018-2019 budget, \$1,200,000 to appropriate to 2019-2020 budget and \$760,000 for potential tax certiorari claims) The unassigned fund balance level is \$2,059,056 above the policy's recommended level or 4.8% of the ensuing budget. Much of this excess is attributed to the district receiving the Extended Learning Time Grant over the last two school years totaling \$9,102,225 in grant funds. The District had been notified of its approved grant and receipt of funds after the budget has already been approved by voters twice in recent years. The board has budgeted for a few select educational opportunities in the general fund due to not knowing if the grant will be approved because of the tremendous benefit to students these opportunities have. Once hearing of the grant approval, the District is financially prudent with the excess budget funds available and does not spend funds irresponsibly to make sure it meets the 4% unassigned fund balance limit. The district has the belief that these surplus funds should flow to unassigned fund balance for the board of education to apply a comprehensive multiyear approach that is best for students, stakeholders and taxpayers.

The District is committed to balance necessary instructional program opportunities for student success and achievement while minimizing peaks and valleys to tax levies and tax rate trends. The District, as part of a local health insurance consortium incurred a 25% premium increase between 17-18 and 18-19, faces potential significant increased costs in health insurance during the next few school years in the range of 15% to 25% increases. The long term financial position of the District as reported in this Audit Report (page 6) reflects an Ending Total Net Position Deficit of -\$75,014,649, which may suggest any decrease to current unassigned general fund balance while attempting to reach the NYSED allowable 4% level actually undermines, weakens and continues to erode and jeopardize the long term financial position of the District. The Board of Education understands it must be financially prudent in balancing short term and long term educational and financial needs while striving to provide a sustainable multiyear budget model with stable and consistent tax levies and tax rates.

The Board of Education has consistently demonstrated financial stability and fiscal prudence on behalf of taxpayers. Tax rate stability can be evidenced by consistent and reasonable tax rate levels over consecutive years as evidenced by benchmarking the 2005 - 2006 Tax Rate of \$18.08 per thousand as compared to the 2018 - 2019 tax rate of \$17.52 per thousand reflecting current rates \$0.56 per thousand lower after 12 school years.

SECTION III - MAJOR FEDERAL AWARDS

No current year findings

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2018**

There were no prior year audit findings.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Beekmantown Central School District
West Chazy, New York 12992

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Beekmantown Central School District as of and for the year ended June 30, 2018, 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 described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and minimum program procedures established by the New York State Department of Education. 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, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Beekmantown Central School District as of June 30, 2018, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the 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.

Boulrice & Wood CPAs, PC

September 14, 2018

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 92,789</u>	<u>\$ 90,423</u>
Total Assets	<u><u>\$ 92,789</u></u>	<u><u>\$ 90,423</u></u>
 LIABILITIES		
Sales Tax Payable	\$ 2,244	\$ 1,836
 FUND BALANCE		
Extraclassroom Activity	<u>90,545</u>	<u>88,587</u>
Total Liabilities and Fund Balance	<u><u>\$ 92,789</u></u>	<u><u>\$ 90,423</u></u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES-
CASH BASIS**

Year Ended June 30, 2018 and 2017

Activity	Balance 6/30/2017	Receipts	Disbursements	Balance 6/30/2018
Class of 2016	\$ 5,349	\$ -	\$ 5,349	\$ -
Class of 2017	2,706	-	2,706	-
Class of 2018	8,461	9,546	11,326	6,681
Class of 2019	9,963	18,633	21,463	7,133
Class of 2020	5,254	6,998	2,697	9,555
Class of 2021	4,901	2,093	340	6,654
Class of 2022	3,866	4,898	2,786	5,978
Class of 2023	1,091	3,592	2,242	2,441
Class of 2024	-	7,188	4,785	2,403
NYS Tax Account	1,840	6,948	6,544	2,244
H.S. Student Council	4,888	58,736	54,472	9,152
M.S. Student Council	4,179	2,919	2,616	4,482
Varsity Club	4,034	13,571	12,364	5,241
H.S. Yearbook Club	286	4,487	337	4,436
M.S. Yearbook	4,306	3,900	4,627	3,579
M.S. Drama Club	3,991	2,562	2,242	4,311
H.S. Drama Club	9,203	3,176	7,158	5,221
Model UN	2,520	1,746	3,837	429
National Honor Society	2,297	13,711	13,520	2,488
National Jr Honor Society	887	7	141	753
BCS Fitness Club	134	725	640	219
Beek Squad	5,304	21,581	21,962	4,923
FBLA	4,589	12,138	13,350	3,377
FFA	374	10,020	9,305	1,089
Total	<u>\$ 90,423</u>	<u>\$ 199,155</u>	<u>\$ 206,809</u>	<u>\$ 92,789</u>

BEEKMANTOWN CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Beekmantown Central School District's Extraclassroom Activity Funds 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, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Beekmantown Central School 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. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

September 14, 2018

To the Board of Education
Beekmantown Central School District
West Chazy, NY 12992

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beekmantown Central School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards (and, if applicable, *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 23, 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 Beekmantown Central School District are described in Note 1 to the financial statements. Accounting policies for GASB 75 were adopted this year and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Beekmantown Central School District during the year for which there is a lack of authoritative guidance or consensus. 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 financial statement disclosures are neutral, consistent, and clear.

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 clearly 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 each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 14, 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 Beekmantown Central School District'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 Beekmantown Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, Schedule of Funding Progress Other Post Employment Benefits Plan, Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

We would again like to thank Mary LaValley Blaine, Jennifer Stahl and the staff of Beekmantown Central School District for their assistance during our audit of the financial records for the school district. It is a pleasure to work with a team who has an interest in the District and its operation as represented by the staff and management of Beekmantown Central School District.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the Beekmantown Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC