

AMHERST CENTRAL
SCHOOL DISTRICT, NEW YORK
*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
June 30, 2019 and Independent Auditors' Reports*

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2019

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet—Governmental Funds	14
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities	17
Statement of Net Position—Fiduciary Funds	18
Statement of Changes in Net Position—Fiduciary Funds	19
Notes to the Financial Statements	20
 Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)— Teachers' Retirement System	46
Schedule of District's Contributions—Teachers' Retirement System	47
Schedule of the District's Proportionate Share of the Net Pension Liability— Employees' Retirement System	48
Schedule of District's Contributions—Employees' Retirement System	49
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	50

(continued)

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2019

(concluded)

Page

Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget (Non-GAAP Basis) and Actual—General Fund	51
Notes to the Required Supplementary Information	53

Supplementary Information:

Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund	54
Schedule of Capital Project Expenditures	55
Net Investment in Capital Assets	56

Federal Awards Information:

Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards	58
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	61
Schedule of Findings and Questioned Costs	63
Summary Schedule of Prior Audit Findings and Corrective Action Plan	64

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Amherst Central School District, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Central School District, New York (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Deucher & Malecki LLP

September 18, 2019

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Management's Discussion and Analysis
Year Ended June 30, 2019

As management of the Amherst Central School District, New York, (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. This document should be read in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,058,629 (*net position*). Net position consists of \$16,983,642 net investment in capital assets, \$4,271,500 restricted for specific purposes, and unrestricted net position of \$7,803,487.
- The District's net position decreased by \$516,453 during the year ended June 30, 2019.
- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,738,963, a decrease of \$3,803,427 in comparison with the prior year's fund balance of \$6,542,390.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$2,381,248, or approximately 4.2 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 30.5 percent of the General Fund's total fund balance of \$7,794,977 at June 30, 2019.
- The District's serial bonds outstanding decreased by \$2,600,000 as a result of scheduled payments. Additionally, the District had \$16,266,340 of bond anticipation notes outstanding at June 30, 2019, as compared to \$2,000,000 in the prior year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances (deficit) for the General Fund, Special Aid Fund, School Lunch Fund, Capital Projects Fund and Debt Service Fund, all of which are considered to be major.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains two fiduciary funds, the Private Purpose Trust Fund and the Agency Fund.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-45 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District’s net pension liability/(asset), the changes in the District’s total other postemployment benefits (“OPEB”) obligation, and the District’s budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 46-53 of this report.

Other supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 54-56 of this report.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 57-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,058,629 at the close of the most recent fiscal year, as compared to \$29,575,082 at the close of the fiscal year ended June 30, 2018.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position

	June 30,	
	2019	2018
Current assets	\$ 26,334,384	\$ 13,982,133
Noncurrent assets	54,928,063	53,126,027
Total assets	81,262,447	67,108,160
Deferred outflows of resources	15,190,994	16,384,130
Current liabilities	23,654,419	7,080,558
Noncurrent liabilities	39,757,859	41,556,570
Total liabilities	63,412,278	48,637,128
Deferred inflows of resources	3,982,534	5,280,080
Net position:		
Net investment in capital assets	16,983,642	17,165,205
Restricted	4,271,500	3,682,493
Unrestricted	7,803,487	8,727,384
Total net position	\$ 29,058,629	\$ 29,575,082

The largest portion of the District's net position, \$16,983,642, reflects its investment in capital assets (e.g. land, construction in progress, buildings and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$4,271,500 represents resources that are subject to external restrictions on how they may be used. Any remaining portion of the District's net position represents resources that are unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. The final portion of the District's net position is considered unrestricted net position, \$7,803,487, which represents resources that may be used to meet the District's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2019 and June 30, 2018:

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2019	2018
Program revenues:		
Charges for services	\$ 1,405,614	\$ 1,609,294
Operating grants and contributions	4,720,729	4,945,062
Capital grants and contributions	83,316	-
General revenues	<u>56,141,059</u>	<u>53,711,523</u>
Total revenues	<u>62,350,718</u>	<u>60,265,879</u>
Program expenses	<u>62,867,171</u>	<u>60,115,445</u>
Change in net position	(516,453)	150,434
Net position—beginning	<u>29,575,082</u>	<u>29,424,648</u>
Net position—ending	<u>\$ 29,058,629</u>	<u>\$ 29,575,082</u>

Overall revenues increased 3.5 percent from the prior year, primarily due to an increase in taxes, investment interest earned, and insurance reimbursements. Total expenses increased 4.6 percent from the year ended June 30, 2018, as a result of increased instruction expenses related to employee salaries and benefits.

A summary of sources of revenues for the years ended June 30, 2019 and June 30, 2018 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2019	2018	Dollars	Percent
Charges for services	\$ 1,405,614	\$ 1,609,294	\$ (203,680)	(12.7)
Operating grants and contributions	4,720,729	4,945,062	(224,333)	(4.5)
Capital grants and contributions	83,316	-	83,316	100.0
Taxes	39,728,310	38,666,208	1,062,102	2.7
Use of money and property	360,291	56,697	303,594	535.5
Other items	1,091,275	364,899	726,376	199.1
State sources-unrestricted	14,961,183	14,623,719	337,464	2.3
Total revenues	<u>\$ 62,350,718</u>	<u>\$ 60,265,879</u>	<u>\$ 2,084,839</u>	3.5

The most significant sources of revenues for the year ended June 30, 2019 were taxes of \$39,728,310, or 63.7 percent of total revenues, and unrestricted State sources of \$14,961,183, or 24.0 percent of total revenues. Similarly, for the year ended June 30, 2018, the largest sources of revenues were taxes of \$38,666,208, or 64.2 percent of total revenues, and unrestricted State sources of \$14,623,719, or 24.3 percent of total revenues.

A summary of program expenses for the years ended June 30, 2019 and June 30, 2018 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2019	2018	Dollars	Percent
General support	\$ 7,250,813	\$ 7,009,911	\$ 240,902	3.4
Instruction	48,651,509	46,527,740	2,123,769	4.6
Pupil transportation	4,684,546	4,663,320	21,226	0.5
School food service	989,403	942,643	46,760	5.0
Interest and other fiscal charges	1,290,900	971,831	319,069	32.8
Total program expenses	<u>\$ 62,867,171</u>	<u>\$ 60,115,445</u>	<u>\$ 2,751,726</u>	4.6

The most significant expense items for the year ended June 30, 2019 were instruction of \$48,651,509, or 77.4 percent of total expenses, general support of \$7,250,813, or 11.5 percent of total expenses, and pupil transportation of \$4,684,546, or 7.5 percent of total expenses. Similarly, for the year ended June 30, 2018, the most significant expense items were instruction of \$46,527,740, or 77.4 percent of total expenses, general support of \$7,009,911, or 11.7 percent of total expenses, and pupil transportation of \$4,663,320, or 7.8 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government’s net resources

available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

At June 30, 2019, the District's governmental funds reported a combined ending fund balance of \$2,738,963, a decrease of \$3,803,427 from the prior year's fund balance of \$6,542,390. Excluding the Capital Projects Fund fund balance deficit of \$5,661,187, the District's governmental funds combined ending fund balances totaled \$8,400,150. Approximately 30.5 percent of this amount, \$2,381,248, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is 1) not in spendable form, \$70,264, 2) restricted for particular purposes, \$4,567,154, or 3) assigned for particular purposes, \$1,381,484.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,381,248, while the total fund balance increased to \$7,794,977. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 4.2 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 13.6 percent of that same amount.

The total fund balance of the District's General Fund increased by \$865,306 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$1,072,142 of fund balance (\$980,000 appropriated during the budget process and a \$92,142 carryover of prior year encumbrances). As a result of spending less than anticipated, the District's fund balance ended \$1,937,448 higher than anticipated.

The Special Aid Fund maintains funds that are received by the State and Federal governments. Revenues for the year ended June 30, 2019 totaled \$2,344,212 and were comprised of State and Federal sources. Expenditures totaled \$2,443,592 and were mostly used towards the instruction and transportation of students. The difference between revenues and expenditures was subsidized by a transfer from the General Fund.

The School Lunch Fund total fund balance is \$309,519 as of June 30, 2019, of which \$67,014 represents inventory and is considered nonspendable. The remaining portion of fund balance, \$242,505, or 78.3 percent of total fund balance, is considered assigned for school lunch purposes. The fund balance of the District's School Lunch Fund increased by \$7,948 during the current fiscal year.

Due to expansive capital outlay, supported primarily by short-term debt, which continued during the year ended June 30, 2019, the Capital Projects Fund reported a fund balance deficit of \$5,661,187, as compared to a fund balance deficit of \$939,633 at the close of the previous year. The change in fund balance deficit from the prior year was primarily due to the increased use of short-term financing to fund capital projects. The remaining deficit is anticipated to be remedied with the conversion of the outstanding short-term debt to long-term debt.

General Fund Budgetary Highlights

The District's General Fund budget contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. Additionally, there was a \$75,422 increase in budgeted revenues and appropriations between the original and final amended budget for the recognition of donations. These amendments were approved by the Board of Education.

A summary of revisions from adopted budget to final budget is presented below in Table 5:

Table 5—General Fund Budget

Adopted budget, 2018-2019	\$ 58,552,000
Add: Prior year's encumbrances	<u>92,142</u>
Original budget, 2018-2019	58,644,142
Budget revisions: Gifts and donations	<u>75,422</u>
Final budget, 2018-2019	<u>\$ 58,719,564</u>

More detailed information regarding the District's General Fund budget is presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund within the Required Supplementary Information section of this report.

Capital Asset and Debt Administration

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2019, amounted to \$52,339,620 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the District's capital asset policy.

Capital assets, net of depreciation for the governmental activities at June 30, 2019 and June 30, 2018 are presented below in Table 6:

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)

	June 30,	
	2019	2018
Land	\$ 358,500	\$ 358,500
Construction in progress	4,475,240	2,290,837
Buildings	46,128,605	48,097,911
Equipment	<u>1,377,275</u>	<u>1,283,342</u>
Total	<u>\$ 52,339,620</u>	<u>\$ 52,030,590</u>

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-term liabilities—At June 30, 2019, the District had total long-term liabilities outstanding of \$39,757,859, as compared to \$41,556,570 in the prior year. Of the long-term liabilities outstanding at June 30, 2019, \$28,230,000 represents serial bonds issued by the District.

A summary of the District's long-term liabilities at June 30, 2019 and June 30, 2018 is presented below in Table 7:

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2019	2018
Serial bonds	\$ 28,230,000	\$ 30,830,000
Premiums on serial bonds	2,918,489	3,166,893
Installment purchase contract	389,195	533,271
Compensated absences	2,469,600	2,438,300
OPEB obligation	4,514,445	4,002,420
Net pension liability	1,236,130	585,686
Total	<u>\$ 39,757,859</u>	<u>\$ 41,556,570</u>

Additional information on the District's long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2019 was 3.7 percent. This compares to New York State's average unemployment rate of 4.0 percent. These factors are considered in preparing the District's budget.

During the current fiscal year, the District appropriated \$920,000 of the General Fund's unassigned fund balance for spending in the District's adopted 2019-2020 fiscal year budget. The 2019-2020 adopted budget appropriations total of \$60,143,000 is an increase of approximately 2.7 percent as compared to \$58,552,000 in the 2018-2019 adopted budget. The District's total tax levy in 2019-2020 is \$36,886,652, which is an approximate increase of 3.0 percent as compared to \$35,808,996 levied during the 2018-2019 year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Laura Bosinski, School Business Administrator, 55 Kings Highway, Amherst, NY 14226.

BASIC FINANCIAL STATEMENTS

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2019

	Primary Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,261,545
Investments	1,999,207
Restricted cash and cash equivalents	10,756,594
Restricted investments	6,039,597
Receivables	197,981
Intergovernmental receivables	5,009,196
Prepaid items	3,250
Inventories	67,014
Noncurrent net pension asset	2,588,443
Capital assets not being depreciated	4,833,740
Capital assets, net of accumulated depreciation	47,505,880
Total assets	<u>81,262,447</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	14,630,691
Deferred outflows—relating to OPEB	560,303
Total deferred outflows of resources	<u>15,190,994</u>
LIABILITIES	
Accounts payable	2,711,224
Retainage payable	221,605
Accrued liabilities	1,440,227
Intergovernmental payables	54,435
Due to Agency Fund	38,943
Due to retirement systems	2,845,000
Unearned revenue	76,645
Bond anticipation notes payable	16,266,340
Noncurrent liabilities:	
Due within one year	3,761,944
Due within more than one year	35,995,915
Total liabilities	<u>63,412,278</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	3,781,660
Deferred inflows—relating to OPEB	200,874
Total deferred inflows of resources	<u>3,982,534</u>
NET POSITION	
Net investment in capital assets	16,983,642
Restricted for:	
Employee benefits	1,310,123
Capital projects	300,000
Retirement contribution	1,718,857
Tax certiorari	485,072
Unemployment insurance	457,448
Unrestricted	7,803,487
Total net position	<u>\$ 29,058,629</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Governmental activities:					
General support	\$ 7,250,813	\$ -	\$ -	\$ -	\$ (7,250,813)
Instruction	48,651,509	973,804	3,998,211	83,316	(43,596,178)
Pupil transportation	4,684,546	-	-	-	(4,684,546)
School food service	989,403	431,810	722,518	-	164,925
Interest and other fiscal charges	1,290,900	-	-	-	(1,290,900)
Total primary government	<u>\$ 62,867,171</u>	<u>\$ 1,405,614</u>	<u>\$ 4,720,729</u>	<u>\$ 83,316</u>	<u>(56,657,512)</u>
General revenues:					
Real property taxes and other tax items					36,165,835
Non-property tax items					3,562,475
Use of money and property					360,291
Sale of property and compensation for loss					562,409
Miscellaneous					528,866
State sources—unrestricted					<u>14,961,183</u>
Total general revenues					<u>56,141,059</u>
Change in net position					(516,453)
Net position—beginning					<u>29,575,082</u>
Net position—ending					<u>\$ 29,058,629</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2019

		Special Revenue				Total
	General	Special Aid	School Lunch	Capital Projects	Debt Service	Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,971,138	\$ 5,547	\$ 284,860	\$ -	\$ -	\$ 2,261,545
Investments	1,999,207	-	-	-	-	1,999,207
Restricted cash and cash equivalents	4,311,486	-	36,659	6,226,664	181,785	10,756,594
Restricted investments	-	-	-	6,039,597	-	6,039,597
Receivables	165,294	-	2,862	29,825	-	197,981
Due from other funds	1,049,223	-	-	-	113,869	1,163,092
Intergovernmental receivables	3,101,124	1,031,441	45,689	291,342	-	4,469,596
Prepaid items	3,250	-	-	-	-	3,250
Inventories	-	-	67,014	-	-	67,014
Total assets	<u>\$ 12,600,722</u>	<u>\$ 1,036,988</u>	<u>\$ 437,084</u>	<u>\$ 12,587,428</u>	<u>\$ 295,654</u>	<u>\$ 26,957,876</u>
LIABILITIES						
Accounts payable	\$ 810,444	\$ 21,665	\$ 10,709	\$ 1,868,406	\$ -	\$ 2,711,224
Accrued liabilities	1,055,880	362	6,992	-	-	1,063,234
Due to other funds	-	1,014,961	73,205	113,869	-	1,202,035
Intergovernmental payables	54,435	-	-	-	-	54,435
Due to retirement systems	2,845,000	-	-	-	-	2,845,000
Unearned revenue	39,986	-	36,659	-	-	76,645
Bond anticipation notes payable	-	-	-	16,266,340	-	16,266,340
Total liabilities	<u>4,805,745</u>	<u>1,036,988</u>	<u>127,565</u>	<u>18,248,615</u>	<u>-</u>	<u>24,218,913</u>
FUND BALANCES (DEFICIT)						
Nonspendable	3,250	-	67,014	-	-	70,264
Restricted	4,271,500	-	-	-	295,654	4,567,154
Assigned	1,138,979	-	242,505	-	-	1,381,484
Unassigned	<u>2,381,248</u>	<u>-</u>	<u>-</u>	<u>(5,661,187)</u>	<u>-</u>	<u>(3,279,939)</u>
Total fund balances (deficit)	<u>7,794,977</u>	<u>-</u>	<u>309,519</u>	<u>(5,661,187)</u>	<u>295,654</u>	<u>2,738,963</u>
Total liabilities and fund balances (deficit)	<u>\$ 12,600,722</u>	<u>\$ 1,036,988</u>	<u>\$ 437,084</u>	<u>\$ 12,587,428</u>	<u>\$ 295,654</u>	<u>\$ 26,957,876</u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)		\$ 2,738,963
Net pension assets are not financial resources and, therefore, are not reported in the funds.		2,588,443
Other long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		539,600
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$88,799,068 and the accumulated depreciation is \$36,459,448.		52,339,620
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 2,734,415	
Deferred outflows related to experience, investment earnings, and changes of assumptions	11,896,276	
Deferred inflows of resources related to pension plans	<u>(3,781,660)</u>	10,849,031
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to experience and changes in assumptions	\$ 560,303	
Deferred inflows related to experience	<u>(200,874)</u>	359,429
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(221,605)
Net accrued interest expense for serial bonds, bond anticipation notes and the installment purchase contract is not reported in the funds.		(376,993)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (28,230,000)	
Premiums on serial bonds	(2,918,489)	
Installment purchase contract	(389,195)	
Compensated absences	(2,469,600)	
Other postemployment benefits obligation	(4,514,445)	
Net pension liability	<u>(1,236,130)</u>	<u>(39,757,859)</u>
Net position of governmental activities		<u><u>\$ 29,058,629</u></u>

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended June 30, 2019

		Special Revenue				Total
		Special	School	Capital	Debt	Governmental
REVENUES	General	Aid	Lunch	Projects	Service	Funds
Real property taxes and other tax items	\$ 36,165,835	\$ -	\$ -	\$ -	\$ -	\$ 36,165,835
Non-property tax items	3,562,475	-	-	-	-	3,562,475
Charges for services	973,804	-	-	-	-	973,804
Use of money and property	245,159	-	361	-	114,771	360,291
Sale of property and compensation for loss	562,409	-	-	-	-	562,409
Miscellaneous	343,700	-	3,383	181,783	-	528,866
State sources	15,759,388	1,020,512	23,970	83,316	-	16,887,186
Federal sources	890,077	1,323,700	698,548	-	-	2,912,325
Sales—food service	-	-	431,810	-	-	431,810
Total revenues	58,502,847	2,344,212	1,158,072	265,099	114,771	62,385,001
EXPENDITURES						
Current:						
General support	5,455,248	-	418,126	-	-	5,873,374
Instruction	31,699,052	2,389,679	-	-	-	34,088,731
Pupil transportation	3,577,885	53,913	-	-	-	3,631,798
Employee benefits	12,868,577	-	171,614	-	-	13,040,191
Debt service:						
Principal	2,637,860	-	-	-	106,216	2,744,076
Interest and other fiscal charges	1,199,539	-	-	-	144,565	1,344,104
Cost of sales (school lunch)	-	-	560,384	-	-	560,384
Capital outlay	-	-	-	4,905,770	-	4,905,770
Total expenditures	57,438,161	2,443,592	1,150,124	4,905,770	250,781	66,188,428
Excess (deficiency) of revenues over expenditures	1,064,686	(99,380)	7,948	(4,640,671)	(136,010)	(3,803,427)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	99,380	-	100,000	180,883	380,263
Transfers out	(199,380)	-	-	(180,883)	-	(380,263)
Total other financing sources (uses)	(199,380)	99,380	-	(80,883)	180,883	-
Net change in fund balances (deficit)	865,306	-	7,948	(4,721,554)	44,873	(3,803,427)
Fund balances (deficit)—beginning	6,929,671	-	301,571	(939,633)	250,781	6,542,390
Fund balances (deficit)—ending	\$ 7,794,977	\$ -	\$ 309,519	\$ (5,661,187)	\$ 295,654	\$ 2,738,963

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16)	\$ (3,803,427)
--	----------------

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(34,283)
--	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and loss on disposals in the current period.

Capital asset additions	\$ 5,324,511	
Loss on disposal of assets	(1,753,238)	
Depreciation expense	(3,262,243)	309,030

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	\$ 3,290,642	
Cost of benefits earned net of employee contributions	(2,898,521)	392,121

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amount are shown net of current year amortization.	366,151
--	---------

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.	(195,200)
--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses 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). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 2,600,000	
Amortization of premiums on serial bonds	248,404	
Payment of installment purchase contract	144,076	
Change in compensated absences	(31,300)	
Change in other postemployment benefits obligation	(512,025)	2,449,155

Change in net position of governmental activities	\$ <u>(516,453)</u>
---	---------------------

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position—Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
ASSETS		
Restricted cash and cash equivalents	\$ 16,074	\$ 541,796
Due from General Fund	-	38,943
Receivables	-	4,759
Total assets	<u>16,074</u>	<u>\$ 585,498</u>
LIABILITIES		
Extraclassroom activity funds	-	\$ 206,236
Other agency liabilities	-	379,262
Total liabilities	<u>-</u>	<u>\$ 585,498</u>
NET POSITION		
Restricted for endowment scholarships	<u>\$ 16,074</u>	

The notes to the financial statements are an integral part of this statement.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Net Position—Fiduciary Funds
Year Ended June 30, 2019

	Private Purpose Trust
	<u> </u>
ADDITIONS	
Gifts and donations	\$ 10,270
Interest earnings	<u>135</u>
Total additions	<u>10,405</u>
 DEDUCTIONS	
Scholarships awarded	<u>3,000</u>
Total deductions	<u>3,000</u>
 Change in net position	7,405
 Net position—beginning	<u>8,669</u>
Net position—ending	<u><u>\$ 16,074</u></u>

The notes to the financial statements are an integral part of this statement.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Amherst Central School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Extraclassroom Activity Funds—The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

Joint Venture—The District is a participating school district in the Erie No. 1 Board of Cooperative Educational Services (“BOCES”). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by

which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2019, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2019, the District was billed \$3,677,090 for BOCES administrative and program costs and recognized \$1,376,327 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the Erie No. 1 BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All of the District's funds are considered major funds.

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal sources of revenue for the General Fund are real property taxes and state sources.
- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.
- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

- *Debt Service Fund*—The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on long-term debt obligations of governmental funds.

Additionally, the District reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. The fiduciary funds of the District include a *Private Purpose Trust Fund* and an *Agency Fund*.

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund is used to account for assets held by the District for scholarships.
- *Agency Fund*—The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, various student groups and clubs and/or other governmental units. Included within the Agency Fund are the extraclassroom activity funds of the District, which represent funds of the students of the District. The Board of Education exercises general oversight of these funds.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period and certain grant revenues to be available if they are expected to be collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded

when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the District.

The Private Purpose Trust Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District's cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Permissible investments include obligations of the United States Treasury, U.S. government agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value in accordance with GASB.

Restricted Cash, Cash Equivalents and Investments—Restricted cash, cash equivalents and investments represent unspent proceeds of debt, amounts to support restricted fund balances, unearned revenue, and amounts held on behalf of others as restricted cash and cash equivalents.

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such an allowance would not be material.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

Inventories—Inventories of food and/or supplies 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 inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold for the type of asset and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair market value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Useful Life (Years)
Buildings	\$ 1,000	20-50
Equipment	1,000	5-30

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2019, the District has two items that qualify for reporting in this category. The first item is related to pensions, reported in the government-wide financial statements. This represents the effect of the net change in the District’s proportion of the collective net pension liability, the difference during the measurement period between the District’s contributions, its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements, and represents the effects of the change in the District’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

In addition to liabilities, the statement of financial 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. At June 30, 2019, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District’s proportion of the collective net pension liability and the difference during the measurement periods between the District’s contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item represents the effects of the change in the District’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the

order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the School Business Administrator to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually as of July 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2019, the District reported \$39,986 and \$36,659 of unearned revenues in the General Fund and School Lunch Fund, respectively. The District received tuition payments, and monies for the purchase of school lunches in advance, but has not performed the services and therefore recognizes a liability.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Pensions—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of

resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees, as disclosed in Note 7.

Other

Estimates—The preparation of the 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 amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2019, the District implemented GASB Statements No. 83, *Certain Asset Retirement Obligations*, and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Payments*. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow for asset retirement obligations. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statements No. 83 and 88 did not have a material impact on the District's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 84, *Fiduciary Activities*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2020, No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2021, and No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 84, 87, 89, 90, and 91 will have on its financial position and results of operations when such statements are adopted.

Deficit Fund Balance—The Capital Projects Fund has a deficit fund balance at June 30, 2019 totaling \$5,661,187. The primary reason for the deficit in this case is that the District issued bond anticipation notes ("BANs"), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than another financing source on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Since the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs or retire the BANs.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2019, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Deposits	<u>\$13,018,139</u>	<u>\$557,870</u>	<u>\$13,576,009</u>
Total	<u>\$13,018,139</u>	<u>\$557,870</u>	<u>\$13,576,009</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2019 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the District's name	<u>15,687,016</u>	<u>12,576,009</u>
Total	<u>\$ 16,687,016</u>	<u>\$ 13,576,009</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2019, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt, amounts to support restricted fund balances, unearned revenue, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2019, the District reported \$10,756,594 of restricted cash within its governmental funds and \$557,870 within the Agency Fund.

Investments—At June 30, 2019, the District reports investments in securities of \$8,038,804, which consist of U.S. Treasury notes with maturities of six months. Of that amount, \$6,039,597 is considered restricted within the Capital Projects Fund.

Fair Value Measurements—Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

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

All investments reported by the District are measured using level 1 inputs.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

Major revenues accrued by the District at June 30, 2019 consisted of the following:

Receivables—Primarily represents amounts due for refunds, rental payments for usage of District buildings and food services provided. The District reported amounts of \$165,294, \$2,862, \$29,825, and \$4,759 in the General Fund, School Lunch Fund, Capital Projects Fund, and Agency Fund respectively.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2019 are presented below:

General Fund:

New York State aid	\$ 774,349	
BOCES aid	586,470	
Erie County sales tax	1,217,080	
Buffalo Public School District	218,764	
Williamsville Central School District	145,811	
Other public school districts	109,470	
Miscellaneous	<u>49,180</u>	\$ 3,101,124

Special Aid Fund:

New York State—Title I	\$ 86,141	
New York State—Title III	1,124	
New York State—Title IV	8,397	
New York State—IDEA	117,596	
New York State—Universal Pre-K	49,782	
New York State—Chapter 721 program	95,525	
New York State—SBD program	478,626	
New York State—Summer school handicapped	<u>194,250</u>	\$ 1,031,441

School Lunch Fund:

New York State—Breakfast/lunch program reimbursements	45,689
---	--------

Capital Projects Fund:

New York State—Building aid	<u>291,342</u>
Total governmental funds	<u>\$ 4,469,596</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
Capital assets, not being depreciated:				
Land	\$ 358,500	\$ -	\$ -	\$ 358,500
Construction in progress	2,290,837	4,905,770	2,721,367	4,475,240
Total capital assets, not being depreciated	2,649,337	4,905,770	2,721,367	4,833,740
Capital assets, being depreciated:				
Buildings	79,455,947	2,750,378	2,564,365	79,641,960
Equipment	3,962,798	389,730	29,160	4,323,368
Total capital assets, being depreciated	83,418,745	3,140,108	2,593,525	83,965,328
Less accumulated depreciation for:				
Buildings	31,358,036	2,972,021	816,702	33,513,355
Equipment	2,679,456	290,222	23,585	2,946,093
Total accumulated depreciation	34,037,492	3,262,243	840,287	36,459,448
Total capital assets, being depreciated, net	49,381,253	(122,135)	1,753,238	47,505,880
Governmental activities capital assets, net	<u>\$ 52,030,590</u>	<u>\$ 4,783,635</u>	<u>\$ 4,474,605</u>	<u>\$ 52,339,620</u>

Depreciation expense was charged to the functions and programs of governmental activities as follows:

General support	\$ 105,615
Instruction	3,145,735
School lunch	10,893
Total	<u>\$ 3,262,243</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2019 were as follows:

	General Fund	Special Aid Fund	School Lunch Fund	Total Governmental Funds
Salary and other employee benefits	\$ 480,880	\$ 362	\$ 6,992	\$ 488,234
Health care claims	575,000	-	-	575,000
Total accrued liabilities	<u>\$ 1,055,880</u>	<u>\$ 362</u>	<u>\$ 6,992</u>	<u>\$ 1,063,234</u>

6. PENSION OBLIGATIONS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Teachers' Retirement System—TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS, 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 NYSTRS Comprehensive Annual Financial report which can be found on TRS's website at www.nystrs.org.

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. ERS 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.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2019, the District reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the systems. The net pension liability/(asset) was measured as of June 30, 2018 for TRS and March 31, 2019 for ERS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by actuarial valuations as of June 30, 2017 and April 1, 2018, respectively, with update procedures used to roll forward the total pension liability/(asset) to the respective measurement dates. The District's proportion of the net pension liability/(asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Net pension liability/(asset)	\$ (2,588,443)	\$ 1,236,130
District's portion of the Plan's total net pension liability/(asset)	0.143145%	0.017446%

For the year ended June 30, 2019, the District recognized pension expense of \$2,008,394 and \$891,496 for the TRS and ERS, respectively. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	\$ 1,934,323	\$ 243,420	\$ 350,381	\$ 82,979
Changes of assumptions	9,048,308	310,712	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	2,873,369	317,259
Changes in proportion and differences between the District's contributions and proportionate share of contributions	163,621	195,892	118,816	38,856
District contributions subsequent to the measurement date	2,509,415	225,000	-	-
Total	<u>\$ 13,655,667</u>	<u>\$ 975,024</u>	<u>\$ 3,342,566</u>	<u>\$ 439,094</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2020	\$ 2,593,996	\$ 324,743
2021	1,761,016	(195,922)
2022	185,281	8,573
2023	1,754,917	173,536
2024	1,214,778	-
Thereafter	293,698	-

Actuarial Assumptions—The total pension liability/(asset) as of the measurement dates were determined by using actuarial valuations as noted in the table on the following page, with update procedures used to roll forward the total pension liability/(asset) to the respective measurement dates. The actuarial valuations used the actuarial assumptions found on the following page.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Actuarial valuation date	June 30, 2017	April 1, 2018
Interest rate	7.25%	7.00%
Salary scale	1.90%-4.72%	3.80%
Decrement tables	July 1, 2009- June 30, 2014	April 1, 2010- March 31, 2015
Inflation rate	2.25%	2.50%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	TRS	ERS	TRS	ERS
	Target Allocation		Long-Term Expected Real Rate of Return	
Measurement date			June 30, 2018	March 31, 2019
Asset class:				
Domestic equities	33.0 %	36.0 %	5.8 %	4.6 %
International equities	16.0	14.0	7.3	6.4
Global equities	4.0	0.0	6.7	0.0
Private equity	8.0	10.0	8.9	7.5
Real estate	11.0	10.0	4.9	5.6
Absolute return strategies	0.0	2.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global fixed income securities	2.0	0.0	0.9	0.0
High-yield fixed income securities	1.0	0.0	3.5	0.0
Opportunistic portfolio	0.0	3.0	0.0	5.7
Real assets	0.0	3.0	0.0	5.3
Bonds and mortgages	7.0	17.0	2.8	1.3
Cash	1.0	1.0	0.3	(0.3)
Private debt	1.0	0.0	6.8	0.0
Inflation-indexed bonds	0.0	4.0	0.0	1.3
Total	100.0 %	100.0 %		

Discount Rate—The discount rate used to calculate the total pension liability/(asset) was 7.25% for TRS and 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at 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/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.25% for TRS and 7.0% for ERS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.25% for TRS and 6.0% for ERS) or one percentage-point higher (8.25% for TRS and 8.0% for ERS) than the current assumption.

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
TRS			
Employer's proportionate share of the net pension liability/(asset)	\$ 17,783,029	\$(2,588,443)	\$(19,654,076)
ERS			
Employer's proportionate share of the net pension liability/(asset)	\$ 5,404,556	\$ 1,236,130	\$(2,265,644)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)	
	TRS	ERS
Valuation date	June 30, 2017	April 1, 2018
Employers' total pension liability	\$ 118,107,254	\$ 189,803,429
Plan fiduciary net position	119,915,518	182,718,124
Employers' net pension liability/(asset)	<u>\$ (1,808,264)</u>	<u>\$ 7,085,305</u>
System fiduciary net position as a percentage of total pension liability/(asset)	101.5%	96.3%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$2,620,000.

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends of March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$225,000.

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

Plan Description—In addition to pension benefits, the District provides group health, vision, and dental insurance benefits to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District’s contractual agreements. The estimated cost of such benefits totaled \$252,128 for the year ended June 30, 2019.

Employees Covered by Benefit Terms—At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	49
Active employees	<u>547</u>
Total	<u><u>596</u></u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The District’s total OPEB liability of \$4,514,445 was measured as of June 30, 2019, and was determined by an actuarial valuation as of May 29, 2019.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the May 29, 2019 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.61% to 3.44% effective June 30, 2019. The salary scale changed from 3.31% to 3.36% effective June 30, 2019. The mortality rates and retirement rates changed from the use of the 2015 New York State Teachers’ Retirement System rates effective June 30, 2018, to the use of the Pub-2010 Public Retirement Plan Mortality Tables effective June 30, 2019. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 6.20%, while the ultimate healthcare cost trend rate is 4.23%. Mortality rates were updated to rates based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2018.

The actuarial assumptions used in the May 29, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2017 thru June 30, 2018.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2018	\$ 4,002,420
Changes for the year:	
Service cost	54,611
Interest	137,357
Changes of benefit terms	(96,408)
Changes of assumptions	4,471
Differences between expected and actual experience	664,122
Benefit payments	(252,128)
Net changes	512,025
Balance at June 30, 2019	\$ 4,514,445

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the net OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Net OPEB liability	\$ 5,036,350	\$ 4,514,445	\$ 4,079,244

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (6.20%) and ultimate (4.23%) healthcare cost trend rates:

	1% Decrease (5.20% / 3.23%)	Healthcare Cost Trend Rates (6.20% / 4.23%)	1% Decrease (7.20% / 5.23%)
Net OPEB liability	\$ 3,990,305	\$ 4,514,445	\$ 5,169,907

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the District's Board of Education. Upon retirement, the District generally pays a portion of the cost of the employee's current coverage at the time of retirement as outlined in the various contracts. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The District's governmental activities contributed \$252,128 for the fiscal year ended June 30, 2019.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The following table presents the District’s deferred outflows and inflows of resources at June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 505,998	\$ 200,874
Changes of assumptions	54,305	-
Total	<u>\$ 560,303</u>	<u>\$ 200,874</u>

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

Year Ending June 30,	
2020	\$ 113,742
2021	113,742
2022	113,742
2023	18,203
Thereafter	-

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

Medical Self-Insurance—During the year ended June 30, 2008, the District entered into an Administrative Services Agreement with Independent Health. As part of the agreement, Independent Health will prepare forms, provide access to Independent Health’s Networks Providers and process claims for a fee per covered person per month. The responsibility of insuring claims however, lies with the District.

In order to insure against larger than expected health care losses associated with the self-insurance plan the District has entered into a Stop Loss Agreement with HM Life Insurance. This agreement includes a “specific deductible” for each covered person. This deductible per covered person is \$170,000 per year. The District will be liable for unlimited claims over the course of each covered member’s lifetime. In return the District pays HM Life Insurance a premium for the stop loss insurance, which was \$40.32 per single employee per month and \$104.91 per family per month during the year ended June 30, 2019. The plans coverage extends to both medical and prescription claims.

The District is liable for claims under \$170,000 per person for each of the 107 covered single members at June 30, 2019, as well as up to \$170,000 for each family member in the District’s 322 family members covered under the plan at June 30, 2019. The District would also be liable for unlimited claims over the

course of each covered member's lifetime. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

A summary of the District's current liability recorded in General Fund since July 1, 2016 follows:

Year Ended June 30,	Claims, Beginning of Year	Incurred	Paid	Claims, End of Year
2019	\$ 511,887	\$ 9,970,250	\$ 9,907,137	\$ 575,000
2018	422,964	7,126,674	7,037,751	511,887
2017	323,368	6,194,340	6,094,744	422,964

The District estimates its liability related to short-term claims incurred but not yet recorded to be \$575,000, which is recorded as an accrued liability in the General Fund.

9. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The following is a summary of the District's short-term debt for the fiscal year ended June 30, 2019:

Description	Interest Rate	Maturity Date	Balance 7/1/2018	Issued	Redeemed	Balance 6/30/2019
Building improvements	2.25%	2/14/2019	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Building improvements	2.47%	2/14/2019	-	1,250,000	1,250,000	-
Building improvements	3.00%	2/13/2019	-	16,266,340	-	16,266,340
Total			<u>\$ 2,000,000</u>	<u>\$ 17,516,340</u>	<u>\$ 3,250,000</u>	<u>\$ 16,266,340</u>

10. LONG-TERM LIABILITIES

In the government-wide financial statements long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include bonds payable, installment purchase contract, compensated absences, OPEB obligation and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District's long-term liabilities at June 30, 2019 follows:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Serial bonds	\$ 30,830,000	\$ -	\$ 2,600,000	\$ 28,230,000	\$ 2,755,000
Premiums on serial bonds	3,166,893	-	248,404	2,918,489	248,404
Bonds payable	33,996,893	-	2,848,404	31,148,489	3,003,404
Installment purchase contract	533,271	-	144,076	389,195	150,559
Compensated absences	2,438,300	130,382	99,082	2,469,600	607,981
OPEB obligation	4,002,420	860,561	348,536	4,514,445	-
Net pension liability*	585,686	650,444	-	1,236,130	-
Total	<u>\$ 41,556,570</u>	<u>\$ 1,641,387</u>	<u>\$ 3,440,098</u>	<u>\$ 39,757,859</u>	<u>\$ 3,761,944</u>

(*Additions to the net pension liability are shown net of reductions.)

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 13 to 16 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2019 is shown below:

Description	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 7/1/2018	Additions	Payments	Balance 6/30/2019
Capital Improvements	\$ 2,928,000	3.60-3.75	2005/2021	\$ 750,000	\$ -	\$ 240,000	\$ 510,000
Capital Improvements	15,640,000	2.00-3.50	2012/2025	8,935,000	-	1,210,000	7,725,000
Capital Improvements	18,495,000	3.00-5.00	2017/2031	17,510,000	-	1,005,000	16,505,000
Capital Improvements	3,635,000	2.00-5.00	2018/2031	3,635,000	-	145,000	3,490,000
Total	<u>\$40,698,000</u>			<u>\$30,830,000</u>	<u>\$ -</u>	<u>\$2,600,000</u>	<u>\$28,230,000</u>

Premiums on Serial Bonds—Previously, the District issued serial bonds in the amounts of \$15,640,000, \$18,495,000 and \$3,635,000 and received bond premiums of \$110,187, \$2,807,206 and \$512,366, respectively. The premiums are being amortized on a straight-line basis over the life of the bonds, which mature on August 1, 2024, June 15, 2031 and September 1, 2031, respectively. Total unamortized bond premiums at June 30, 2019 are \$2,918,489.

Installment Purchase Contract—The District has entered into energy performance contracts for modifications to various facilities. The modifications were made to improve energy efficiency. Principal and interest payments are made quarterly. During 2008, the District made its initial interest payment on the debt. The interest rate of the energy performance contract approximates 4.45%.

The table below summarizes requirements of the installment purchase debt:

Year Ending June 30,	Governmental Activities
2020	\$ 166,222
2021	166,222
2022	<u>83,112</u>
Total minimum lease payments	415,556
Less: amount representing imputed interest costs	<u>(26,361)</u>
Present value of minimum lease payments	<u>\$ 389,195</u>

Compensated Absences—As described in Note 1, the District provides for either cash or postemployment health benefits upon retirement. The payment in cash or health care benefits depends on individual options selected upon retirement in accordance with the union contract. The annual budgets of the operating funds provide for these benefits as they become due. The liability for compensated absences at June 30, 2019 amounts to \$2,469,600, of which \$607,981 has been included within the current portion of long-term debt. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 7, the District provides health insurance coverage for certain retirees. The District’s annual other postemployment benefit (“OPEB”) cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The long-term OPEB obligation is estimated to be \$4,514,445 as of June 30, 2019.

Net Pension Liability—The District reported a liability, totaling \$1,236,130, for its proportionate share of the net pension liability for the Employees’ Retirement System. Refer to Note 6 for additional information related to the District’s net pension liability.

The following is a maturity schedule of the District’s indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Installment Purchase Contract	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2020	\$ 2,755,000	\$ 248,404	\$ 150,559	\$ 607,981	\$ -	\$ -	\$ 3,761,944
2021	2,860,000	248,404	157,333	-	-	-	3,265,737
2022	2,710,000	248,404	81,303	-	-	-	3,039,707
2023	2,815,000	248,404	-	-	-	-	3,063,404
2024	2,940,000	248,404	-	-	-	-	3,188,404
2025-2029	10,065,000	1,208,115	-	-	-	-	11,273,115
2030-thereafter	4,085,000	468,354	-	1,861,619	4,514,445	1,236,130	12,165,548
Total	<u>\$28,230,000</u>	<u>\$ 2,918,489</u>	<u>\$389,195</u>	<u>\$ 2,469,600</u>	<u>\$4,514,445</u>	<u>\$1,236,130</u>	<u>\$39,757,859</u>

Interest requirements on serial bonds are as follows:

Year Ending June 30,	Interest
2020	\$ 1,104,882
2021	994,094
2022	765,719
2023	667,322
2024	563,150
2025-2029	1,504,950
2030-thereafter	152,850
Total	<u>\$ 5,752,967</u>

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets***—This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- ***Restricted Net Position***—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position***—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2019 includes:

- ***Inventories***—Represents the portion of fund balance, \$67,014, composed of inventory. This balance is nonspendable within the School Lunch Fund as the inventory does not represent an available resource.
- ***Prepaid Items***—Represents amounts, \$3,250, prepaid to vendors and employees that are applicable to future accounting periods.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2019 includes:

	General Fund	Debt Service Fund	Total
Employee benefits	\$ 1,310,123	\$ -	\$ 1,310,123
Capital projects	300,000	-	300,000
Retirement contribution	1,718,857	-	1,718,857
Tax certiorari	485,072	-	485,072
Unemployment insurance	457,448	-	457,448
Debt service	-	295,654	295,654
Total	<u>\$ 4,271,500</u>	<u>\$ 295,654</u>	<u>\$ 4,567,154</u>

- ***Restricted for Employee Benefits***—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due 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.
- ***Capital Projects***—According to Education Law Section 3651, this restriction 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 restriction 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 Section 3651 of the Education Law.
- ***Restricted for Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used to pay “retirement contributions,” which are defined as all or any portion of the amount payable to the ERS (\$1,242,757), pursuant to Sections 17 or 317 of the NYSSRL and to the TRS (\$476,100), pursuant to the newly amended Section 6-r. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of the moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.
- ***Restricted for Tax Certiorari***—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expand from the fund without voter approval. The monies held in the restriction 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 proceeds 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.
- ***Restricted for Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction 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 restriction 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 next succeeding fiscal year's budget. If the 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.

- ***Restricted for Debt Service***—According to General Municipal Law Section 6-1, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvements.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. As of June 30, 2019, the District has no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2019 and include:

	General	School	
	Fund	Lunch	Total
		Fund	
Subsequent year's expenditures	\$ 920,000	\$ -	\$ 920,000
Encumbrances	218,979	-	218,979
School lunch	-	242,505	242,505
Total	<u>\$1,138,979</u>	<u>\$242,505</u>	<u>\$1,381,484</u>

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2019-20 fiscal year, \$920,000, at June 30, 2019.
- ***Assigned to Encumbrances***—Represents amounts related to unperformed (executory) contracts for goods and services. The District has \$218,979 of fund balance assigned to encumbrances at June 30, 2019.
- ***Assigned to Specific Use***—Representing fund balance within special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent remaining amounts within the special revenue fund used to maintain school lunch operations.

If the District must use funds for emergency expenditures, the Board of Education shall authorize the School Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2019 is as follows:

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 1,049,223	\$ -
Special Aid Fund	-	73,205
School Lunch Fund	-	1,014,961
Capital Projects Fund	-	113,869
Debt Service Fund	113,869	-
Total governmental funds	<u>1,163,092</u>	<u>1,202,035</u>
Fiduciary Funds:		
Agency Fund	38,943	-
Total	<u>\$ 1,202,035</u>	<u>\$ 1,202,035</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2019:

Fund	Transfers Out		
	Capital		
	General Fund	Projects Fund	Total
Transfers in:			
Special Aid Fund	\$ 99,380	\$ -	\$ 99,380
Capital Projects Fund	100,000	-	100,000
Debt Service Fund	-	180,883	180,883
Total	<u>\$ 199,380</u>	<u>\$ 180,883</u>	<u>\$ 380,263</u>

Transfers are used primarily to finance certain special aid programs, to support capital project expenditures and for debt service activity.

13. AGENCY FUND

The Agency Fund exists for temporary deposit funds. The following is a summary of changes in assets and liabilities for the fiscal year ended June 30, 2019:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
ASSETS				
Restricted cash and cash equivalents	\$521,718	\$40,690,663	\$40,670,585	\$541,796
Other receivables	3,868	354,462	314,628	43,702
Total assets	<u>\$525,586</u>	<u>\$41,045,125</u>	<u>\$40,985,213</u>	<u>\$585,498</u>
LIABILITIES				
Extraclassroom activity funds	\$211,141	\$ 396,794	\$ 401,699	\$206,236
Other agency liabilities	314,445	39,816,697	39,751,880	379,262
Total liabilities	<u>\$525,586</u>	<u>\$40,213,491</u>	<u>\$40,153,579</u>	<u>\$585,498</u>

14. LABOR RELATIONS

District employees are represented by seven bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through June 30, 2020 for the Amherst Service Staff Association, through June 30, 2021 for the Amherst Paraprofessional Association, Amherst Administration Association, Amherst Office Personnel Association, Amherst Central School District Cook Managers Association, Amherst Central School District Lunch Employees Association, and through June 30, 2022 for the Amherst Education Association.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District considers encumbrances to be significant for amounts that are encumbered in excess of \$25,000. As of June 30, 2019, the District reported the following significant encumbrances within the General Fund. While the Capital Projects Fund reports a total fund balance deficit of \$5,661,187, the significant encumbrances located below are considered to be commitments as of June 30, 2019.

Description	Amount
General Fund:	
Linstar Inc. - Outdoor camera parts	\$ 35,000
Buffalo Public School District	25,372
Capital Projects Fund:	
Financial advisor services	65,904
Legal fees	52,927
Phase II HS site work	12,661,841
Construction management	1,031,109
Architectural services	363,821

16. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Assessments—The Town of Amherst (the “Town”) is a defendant in litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Current assessment challenges within the Town that relate to the District request relief ranging from \$1,000 to \$2,250,000; however, the potential loss cannot be estimated. The review of the assessments potentially affects the District, however; management believes that the level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

Grants—In the normal course of operations, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District’s financial condition or results of operations.

17. TAX ABATEMENTS

The District is subject to tax abatements granted by the Amherst Industrial Development Agency (“AIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the AIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by AIDA, the District collected \$333,314 during the 2018-2019 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$471,934 in property taxes.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 18, 2019, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System
Last Six Fiscal Years*

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.143145%	0.144118%	0.145844%	0.143260%	0.144103%	0.139006%
District's proportionate share of the net pension liability/(asset)	<u>\$ (2,588,443)</u>	<u>\$ (1,095,437)</u>	<u>\$ 1,562,049</u>	<u>\$ (14,880,118)</u>	<u>\$ (16,052,229)</u>	<u>\$ (915,014)</u>
District's covered payroll	\$ 23,567,618	\$ 23,060,841	\$ 22,759,583	\$ 21,821,400	\$ 21,286,327	\$ 20,363,490
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(11.0%)	(4.8%)	6.9%	(68.2%)	(75.4%)	(4.5%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Teachers' Retirement System
Last Six Fiscal Years*

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,509,415	\$ 2,284,860	\$ 2,676,602	\$ 2,984,186	\$ 3,772,377	\$ 3,459,028
Contribution in relation to the contractually required contribution	<u>(2,509,415)</u>	<u>(2,284,860)</u>	<u>(2,676,602)</u>	<u>(2,984,186)</u>	<u>(3,772,377)</u>	<u>(3,459,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 23,938,698	\$ 23,567,618	\$ 23,060,841	\$ 22,759,583	\$ 21,821,400	\$ 21,286,327
Contributions as a percentage of covered payroll	10.5%	9.7%	11.6%	13.1%	17.3%	16.2%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Six Fiscal Years*

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability	0.017446%	0.018147%	0.017416%	0.017900%	0.017978%	0.017978%
District's proportionate share of the net pension liability	<u>\$ 1,236,130</u>	<u>\$ 585,686</u>	<u>\$ 1,636,479</u>	<u>\$ 2,872,975</u>	<u>\$ 607,347</u>	<u>\$ 812,409</u>
District's covered payroll	\$ 5,089,366	\$ 5,238,494	\$ 5,357,349	\$ 5,163,069	\$ 4,926,115	\$ 4,807,850
District's proportionate share of the net pension liability as a percentage of its covered payroll	24.3%	11.2%	30.5%	55.6%	12.3%	16.9%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Six Fiscal Years*

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 781,227	\$ 803,085	\$ 781,647	\$ 897,880	\$ 933,653	\$ 993,614
Contribution in relation to the contractually required contribution	<u>(781,227)</u>	<u>(803,085)</u>	<u>(781,647)</u>	<u>(897,880)</u>	<u>(933,653)</u>	<u>(993,614)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,199,002	\$ 5,265,801	\$ 5,187,793	\$ 5,255,343	\$ 4,991,435	\$ 4,866,993
Contributions as a percentage of covered payroll	15.0%	15.3%	15.1%	17.1%	18.7%	20.4%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios—
Last Two Fiscal Years*

	2019	2018
Total OPEB Liability		
Service cost	\$ 54,611	\$ 54,987
Interest	137,357	155,342
Changes of benefit terms	(96,408)	-
Changes in assumptions	4,471	81,747
Differences between expected and actual experience	664,122	(322,616)
Benefit payments	<u>(252,128)</u>	<u>(249,502)</u>
Net changes in total OPEB liability	<u>512,025</u>	<u>(280,042)</u>
Total OPEB liability—beginning	<u>4,002,420</u>	<u>4,282,462</u>
Total OPEB liability—ending	<u><u>\$ 4,514,445</u></u>	<u><u>\$ 4,002,420</u></u>
Plan Fiduciary Net Position		
Contributions—employer	\$ 252,128	\$ 249,502
Benefit payments	<u>(252,128)</u>	<u>(249,502)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's net OPEB liability—ending	<u><u>\$ 4,514,445</u></u>	<u><u>\$ 4,002,420</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	\$ 28,970,203	\$ 28,563,440
District's net OPEB liability as a percentage of covered-employee payroll	15.6%	14.0%

* Information prior to the year ended June 30, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Local sources:				
Real property taxes	\$ 35,808,996	\$ 31,573,264	\$ 31,573,264	\$ -
Real property tax items	320,000	4,555,732	4,592,571	36,839
Non-property tax items	3,600,428	3,600,428	3,562,475	(37,953)
Charges for services	1,001,000	1,001,000	973,804	(27,196)
Use of money and property	102,000	102,000	245,159	143,159
Sale of property and compensation for loss	-	-	562,409	562,409
Miscellaneous	80,000	155,422	343,700	188,278
State sources:				
Basic formula	10,775,239	10,775,239	10,446,827	(328,412)
Lottery	3,250,000	3,250,000	3,381,461	131,461
BOCES	1,352,515	1,352,515	1,216,723	(135,792)
Tuition aid	-	-	326,912	326,912
Textbooks	206,890	206,890	207,429	539
Computer software	127,932	127,932	125,995	(1,937)
Library loan program	27,000	27,000	25,581	(1,419)
Other	-	-	28,460	28,460
Federal sources:				
Medicaid assistance	660,000	660,000	890,077	230,077
Total revenues	<u>57,312,000</u>	<u>57,387,422</u>	<u>58,502,847</u>	<u>1,115,425</u>
OTHER FINANCING SOURCES				
Appropriated reserves	<u>260,000</u>	<u>260,000</u>	<u>-</u>	<u>(260,000)</u>
Total other financing sources	<u>260,000</u>	<u>260,000</u>	<u>-</u>	<u>(260,000)</u>
Total revenues and other financing sources	<u>\$ 57,572,000</u>	<u>\$ 57,647,422</u>	<u>\$ 58,502,847</u>	<u>\$ 855,425</u>

(continued)

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2019

	Budgeted Amounts				(concluded)
	Original	Final	Actual	Encumbrances	Variance with Final Budget
EXPENDITURES					
Current:					
General support:					
Board of Education	\$ 29,699	\$ 29,749	\$ 29,089	\$ -	\$ 660
Central administration	268,710	263,660	258,692	135	4,833
Finance	507,846	435,193	405,262	-	29,931
Staff	449,829	503,372	493,879	684	8,809
Central services	3,770,037	3,849,880	3,726,222	91,514	32,144
Special items	1,087,340	1,079,940	542,104	-	537,836
Instructional:					
Instruction, administration and improvement	2,416,220	2,294,840	2,279,055	460	15,325
Teaching—regular school	17,412,493	17,570,379	17,472,653	63,184	34,542
Programs for pupils with handicapping conditions	6,652,907	6,179,995	6,148,749	26,982	4,264
Occupational education	690,217	660,217	660,217	-	-
Teaching—special schools	309,400	94,294	80,358	-	13,936
Instructional media	1,474,351	1,810,277	1,746,423	30,480	33,374
Pupil services	3,157,088	3,341,521	3,311,597	2,990	26,934
Pupil transportation	3,529,973	3,624,929	3,577,885	1,300	45,744
Employee benefits	12,852,477	12,934,414	12,868,577	1,250	64,587
Debt service:					
Principal	2,744,076	2,647,297	2,637,860	-	9,437
Interest and other fiscal charges	1,106,479	1,200,227	1,199,539	-	688
Total expenditures/encumbrances	58,459,142	58,520,184	57,438,161	218,979	863,044
OTHER FINANCING USES					
Transfers out	185,000	199,380	199,380	-	-
Total expenditures/encumbrances and other financing uses	58,644,142	58,719,564	57,637,541	218,979	863,044
Net change in fund balance*	(1,072,142)	(1,072,142)	865,306		
Fund balance—beginning	6,929,671	6,929,671	6,929,671		
Fund balance—ending	\$ 5,857,529	\$ 5,857,529	\$ 7,794,977		

*The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the required supplementary information are an integral part of this schedule.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Required Supplementary Information
Year Ended June 30, 2019

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which decreased from 3.61% to 3.44% at June 30, 2019. Mortality rates were updated to Pub-2010 Public Retirement Plans Mortality Tables, headcount-weighted, distinct for teachers, general, and safety, without separate contingent survivor mortality, fully generational using scale MP-2018.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid and School Lunch Funds. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on individual grant revenues accepted by the Board of Education. The periods of such grants may vary from the District's fiscal year. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes.

The appropriated budget is prepared by fund, function, and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

SUPPLEMENTARY INFORMATION

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit—General Fund
Year Ended June 30, 2019

Changes from Adopted Budget to Final Budget

Adopted budget, 2018-2019	\$ 58,552,000
Add: Prior year's encumbrances	<u>92,142</u>
Original budget, 2018-2019	58,644,142
Budget revisions: Gifts and donations	<u>75,422</u>
Final budget, 2018-2019	<u><u>\$ 58,719,564</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2019-2020 voter-approved expenditure budget	<u>\$ 60,143,000</u>
Maximum allowed (4% of 2019-2020 budget)	<u><u>\$ 2,405,720</u></u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	\$ 1,138,979
Unassigned fund balance	<u>2,381,248</u>
Total unrestricted fund balance	\$ 3,520,227

Less:	
Appropriated fund balance	\$ 920,000
Encumbrances included in assigned fund balance	<u>218,979</u>
Total adjustments	<u>1,138,979</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,381,248</u></u>
---	----------------------------

Actual percentage	3.96%
-------------------	-------

- * Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance for subsequent year's budget, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2019

Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
2016 approved project:						
High School sitework project	\$ 2,021,991	\$ 2,564,659	\$ 824,331	\$ 1,766,216	\$ 2,590,547	\$ (25,888)
High School phase 2	12,967,953	12,967,953	793,845	2,233,590	3,027,435	9,940,518
Middle School phase 2	4,111,110	4,111,110	242,759	332,441	575,200	3,535,910
Smallwood Elementary project	519,824	539,824	18,758	24,678	43,436	496,388
Windermere Elementary project	943,348	923,348	41,752	42,765	84,517	838,831
High School	9,003,073	8,460,405	321,886	408,039	729,925	7,730,480
Subtotal	<u>29,567,299</u>	<u>29,567,299</u>	<u>2,243,331</u>	<u>4,807,729</u>	<u>7,051,060</u>	<u>22,516,239</u>
Middle School/District - vestibule project	100,000	100,000	-	14,725	14,725	85,275
Windermere Elementary elevator project	<u>100,000</u>	<u>100,000</u>	<u>14,600</u>	<u>83,316</u>	<u>97,916</u>	<u>2,084</u>
Subtotal	<u>200,000</u>	<u>200,000</u>	<u>14,600</u>	<u>98,041</u>	<u>112,641</u>	<u>87,359</u>
Totals	<u>\$ 29,767,299</u>	<u>\$ 29,767,299</u>	<u>\$ 2,257,931</u>	<u>\$ 4,905,770</u>	<u>\$ 7,163,701</u>	<u>\$ 22,603,598</u>

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2019

Capital assets, net of accumulated depreciation	\$ 52,339,620
---	---------------

Add:

Unspent debt proceeds	12,448,046
-----------------------	------------

Deduct:

Bond anticipation notes payable	\$ (16,266,340)	
Serial bonds	(28,230,000)	
Premiums on serial bonds	(2,918,489)	
Installment purchase contract	<u>(389,195)</u>	<u>(47,804,024)</u>

Net investment in capital assets	<u>\$ 16,983,642</u>
----------------------------------	----------------------

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

FEDERAL AWARDS INFORMATION

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity's Identifying Number (1c)	Passed- Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE				
Passed through New York State Department of Agriculture:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 144,144
School Lunch Program	10.555	N/A	-	546,633
Summer Food Program for Children	10.559	N/A	-	7,771
<i>Total Child Nutrition Cluster</i>			-	698,548
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	698,548
U.S. DEPARTMENT OF EDUCATION				
Passed through New York State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-19-0720	-	390,362
Title I Grants to Local Educational Agencies	84.010	0021-18-0720	-	6,099
Total Title I Grants to Local Educational Agencies			-	396,461
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	0032-19-0197	-	751,122
Special Education - Preschool Grants	84.173	0033-19-0197	-	32,453
<i>Total Special Education Cluster</i>			-	783,575
English Language Acquisition State Grants	84.365	0293-19-0720	-	43,423
English Language Acquisition State Grants	84.365	0293-18-0720	-	7,916
Total English Language Acquisition State Grants			-	51,339
Improving Teacher Quality-State Grants	84.367	0147-19-0720	-	83,245
Improving Teacher Quality-State Grants	84.367	0147-18-0720	-	9,080
Total Improving Teacher Quality-State Grants			-	92,325
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,323,700
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 2,022,248

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Amherst Central School District, New York (the "District") under programs of federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

- (a) Includes all federal award programs of the Amherst Central School District, New York.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) Total federal expenditures for the District's 2018-2019 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 2,022,248
Medicaid reimbursement	<u>890,077</u>
Total Federal sources per financial statements	<u><u>\$ 2,912,325</u></u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program". During the year ended June 30, 2019, the District used \$89,664 worth of commodities.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Education
Amherst Central School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amherst Central School District, New York (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

September 18, 2019

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education
Amherst Central School District, New York:

Report on Compliance for Each Major Federal Program

We have audited the Amherst Central School District, New York's (the "District") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget* ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The District's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

September 18, 2019

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Noncompliance material to the financial statements noted? _____ Yes ✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

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

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Audit Findings and Corrective Action Plan
Year Ended June 30, 2019
(Follow Up on June 30, 2018 Findings)

Finding 2018-001—Extraclassroom Programs

Criteria—According to “The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2”, which is issued by the New York State Education Department to summarize the Regulations of the Commissioner of Education, the student extraclassroom activities may only be formed by students in districts with educational programs beyond the 6th grade. Additionally, these programs require maintenance of separate and individual account ledgers, which include the central treasurer of the District as well as the student activity treasurer, with all activities being run by the students of each school. Sales tax should be charged on those items that qualify as taxable goods per the “Sales Tax Guide”. Further, deposits should be properly documented with signatures of both the faculty advisor and the student treasurer. Lastly, all defunct accounts, those that remain unused during the most recent two fiscal years, should be closed out with the funds transferred to the general student organization or student council.

Condition and Context—As noted in prior years, we observed that extraclassroom accounts are maintained on behalf of two elementary schools within the District. Additionally, we found that two high school programs did not maintain student treasurer ledgers, but instead were maintained directly by the central treasurer without student oversight. It was also observed that the high school and elementary schools had insufficient documentation that sales tax was charged and remitted on all taxable goods. While reviewing cash receipts, we noted that 11 out of 16 receipts for High School programs only contained one signature prior to deposits being submitted to the central treasurer.

Cause—The extraclassroom account procedures have not been adjusted for effectiveness and compliance with the State provided regulations; and extraclassroom accounts are maintained for elementary school programs.

Effect or Potential Effect—The District is not in compliance with New York State Education Department’s “The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2”.

Recommendation—We recommend that the District consider closing out the extraclassroom accounts maintained on behalf of the elementary schools. Additionally, we recommend that extraclassroom accounts be maintained separately and individually; which would include ledger maintenance, monthly bank reconciliations, and expenditure approval and attached support by student activity treasurers, along with separate records maintained by the Central Treasurer. Sufficient supporting documentation of sales charged on all items that qualify as taxable goods should be maintained. Lastly, all monies counted for deposit should be signed or initialed by both the student treasurer and faculty advisor before being remitted to the central treasurer.

View of Responsible Officials and Corrective Action Plan— In addition to continued trainings to the faculty advisor and students treasurers, the District is taking steps to address various sections of the finding on an annual basis.

Current Status— During the fiscal year ended June 30, 2019, the District removed the activities maintained at the elementary school to be in compliance with that section of the “The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2” and continued to provide extraclassroom activity training throughout the year to address prior year observations.