

PITTSFORD CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2019

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pittsford 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 Pittsford Central School District, New York, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 District'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 District'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 Pittsford Central School District, New York, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 53–57 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 Pittsford Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is 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 20, 2019 on our consideration of the Pittsford Central School District, New York'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 Pittsford Central School District, New York's internal control over financial reporting and compliance.

Rochester, New York
September 20, 2019

Raymond F. Wager, CPA, PC

PITTSFORD CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2019

INTRODUCTION

The Pittsford Central School District (the District) offers 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. It is based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The District implemented a Full Day Kindergarten program in the fiscal year ending June 30, 2019. The budget included appropriations from the Capital Project Reserve to enlarge parking lots at three elementary schools and renovate existing classrooms to accommodate the added classes in all five elementary buildings. Funds were also used from the Bus Purchase Reserve to purchase five additional buses to serve the increased number of students in our District based Kindergarten classes. The 2018-19 budget also increased the District's reliance on fund balance from \$1.5 million to over 2.8 million to cover added costs for teachers, staff, benefits and technology. Because of strong performance and prudent fiscal planning the District was able to reduce the use of fund balance to previous year's levels in the 2019-20 budget.

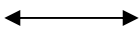
- With the implementation of GASB 75 in recent years and full recognition of OPEB costs on the balance sheet, the total assets of the District are short of its total liabilities at the close of the fiscal year by \$145 million, an increase of \$2.4 million (Net Position, page 14). This accounting deficit is the result of GASB 75 requiring the reporting of the Long-term Liability while NYS Law does not afford schools a legal means to reserve, fund or recognize the GASB 75 OPEB costs.
- The District's change in Net Position is (\$2.38) million (page 15 and 18). This is also primarily due to the GASB 75 Other Post Employment Benefit (OPEB) obligation, compensated absence obligation, pension fund liability, and the capitalization of assets.
- General Fund refund of prior year expense (stated as Miscellaneous) was above the original budget by \$584 thousand is primarily due to a larger than projected refund from Monroe #1 BOCES, Monroe County for preschool costs reimbursement, and a \$166 thousand refund from the Health Insurance consortium RASHP to correct an accounting error on their books. (Page 56)
- General Fund charges for services was above the original budget by \$398 thousand due to charges for parentally placed students in non-public schools located in our district who receive Special Education services and health services for non-resident students attending these same schools. This was based on an increase in the number of students receiving high cost services at non-public schools located in the District that are billed to other districts. (Page 56)
- The last Phase of the voter approved a renovation project in December, 2012 was completed in 2019-20. Renovation work was completed at all nine school buildings and included athletic field improvements at Sutherland and Mendon High Schools. Work at Sutherland High School to turn the pool area into a multi-purpose space is now complete and all final cost reports have been filed (page 59).

- The District purchased twelve replacement buses and five new buses for added routes due to the implementation of full day kindergarten. These buses were funded from the voter authorized Capital Bus Purchase Reserve.
- As of the close of this fiscal year, the District’s governmental funds reported combined fund balances of approximately \$52.76 million (page 17).
- In July 2019, the District paid off the Bond Anticipation Notes from February 2019. The District issued Bonds in June 2018 to permanently finance the 2012 voter authorized capital project. The District retained its excellent Aa1 Bond (credit) rating from Moody’s.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management’s Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to these statements, this report also includes other supplemental information, as outlined on page 4.

**Financial Statements
Required Supplemental Information
Management’s Discussion & Analysis (MD & A)**

Basic Financial Statements		
District-wide (Entire District) <u>Financial Statements</u> 1. Statement of Net Position (page 14) 2. Statement of Activities and Changes in Net Position (page 15)		Fund (Governmental & Fiduciary) <u>Financial Statements</u> 1. Balance Sheet – Governmental Funds (page 16) 2. Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds (page 17) 3. Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Gov. Funds to Statement of Activity (page 18) 4. Statement of Fiduciary Net Position (page 19) 5. Statement of Changes in Fiduciary Net Position (page 19)
Notes to the Basic Financial Statements		

Supplemental Information

- Non-major Funds Combining Statements (page 60-61)**
- General Fund Budget & Tax Limit Information (page 58)**
- Capital Project Funds Schedule of Project Expenditures (page 59)**
- General Fund Budget to Actual Schedule (page 56)**

Our auditor has provided assurance in his independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated.

District-wide Financial Statements

The district-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, providing both short-term and long-term information about the District's overall financial status.

The statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two 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 declining.

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 when the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants and earned but unused vacation leave).

All of the District's services are reported in the district-wide financial statements as governmental activities, including general support, instruction, pupil transportation, and school lunch. Property taxes, sales tax, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

District-wide Financial Analysis (Page 14)

Pittsford Central School District's Net Position June 30, 2018 and 2019 (thousands of dollars)

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2019</u>	<u>2018</u>	
<u>ASSETS:</u>			
Current Assets	\$ 66,332	\$ 87,615	-24.29%
Capital Assets	133,357	138,133	-3.46%
Total Assets	<u>\$ 199,689</u>	<u>\$ 225,748</u>	-11.54%
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Deferred Outflow of Resources	\$ 61,636	\$ 69,826	-11.73%
<u>LIABILITIES:</u>			
Current Liabilities	\$ 8,473	\$ 35,736	-76.29%
Long-Term Obligations	353,046	374,900	-5.83%
Total Liabilities	<u>\$ 361,519</u>	<u>\$ 410,636</u>	-11.96%
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Inflow of Resources	\$ 44,769	\$ 27,514	62.71%
<u>NET POSITION:</u>			
Invested in Capital Assets, Net of Related Debt Restricted For	\$ 64,790	\$ 61,012	6.19%
Capital Reserve	23,569	23,315	1.09%
Other Purposes	13,153	13,478	-2.41%
Unrestricted	(246,475)	(240,381)	2.54%
Total Net Position	<u>\$ (144,963)</u>	<u>\$ (142,576)</u>	1.67%

As illustrated above, the largest portion of the District's Net Position (63 percent) reflects its investment in capital assets (land, buildings, improvements, machinery and equipment); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide educational services. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. Capital assets themselves cannot be used to liquidate these liabilities.

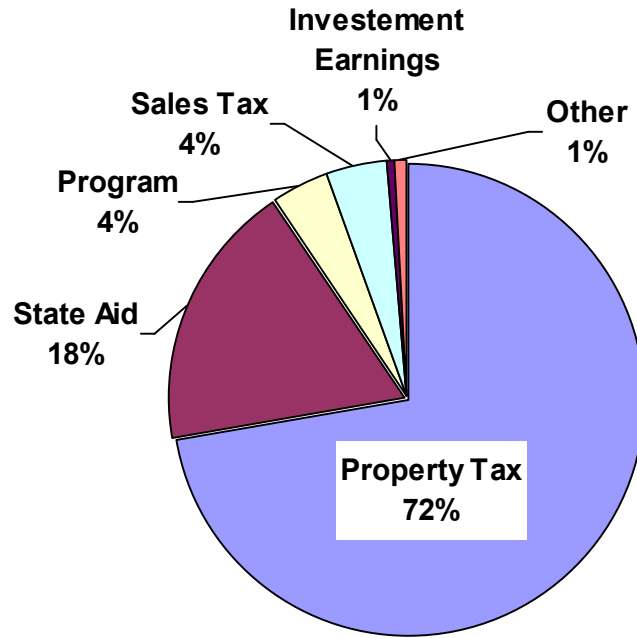
**Pittsford Central School District's
Changes in Net Position (Page 15 and 18)
For the Years Ended June 30, 2018 and 2019
(thousands of dollars)**

	<u>Governmental Activities</u>		<u>Total Percentage Change</u>
	<u>2019</u>	<u>2018</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Services	\$ 2,727	\$ 2,389	14.15%
Operating Grants & Contributions	2,373	2,447	-3.02%
Capital Grants & Contributions	333	-	100.00%
Total Program	<u>\$ 5,433</u>	<u>\$ 4,836</u>	12.34%
<u>General -</u>			
Property Taxes	\$ 100,456	\$ 98,074	2.43%
Non-Property Taxes (Sales Tax)	5,769	5,589	3.22%
State and Federal Aid	25,412	24,242	4.83%
Investment Earnings	760	398	90.95%
Compensation for Loss	188	167	12.57%
Miscellaneous	1,132	4,165	-72.82%
Total General	<u>\$ 133,717</u>	<u>\$ 132,635</u>	0.82%
TOTAL REVENUES	<u>\$ 139,150</u>	<u>\$ 137,471</u>	1.22%
<u>EXPENSES:</u>			
Instruction	\$ 108,101	\$ 113,261	-4.56%
<u>Support Services -</u>			
General Support	15,357	15,742	-2.45%
Transportation	13,160	8,041	63.66%
School Lunch	2,273	2,327	-2.32%
Interest in Long-Term Debt	2,646	5,814	-54.49%
TOTAL EXPENSES	<u>\$ 141,537</u>	<u>\$ 145,185</u>	-2.51%
Changes in Net Position	<u>\$ (2,387)</u>	<u>\$ (7,714)</u>	
Beginning Net Position	<u>(142,576)</u>	<u>(134,862)</u>	
Ending Net Position	<u><u>\$ (144,963)</u></u>	<u><u>\$ (142,576)</u></u>	

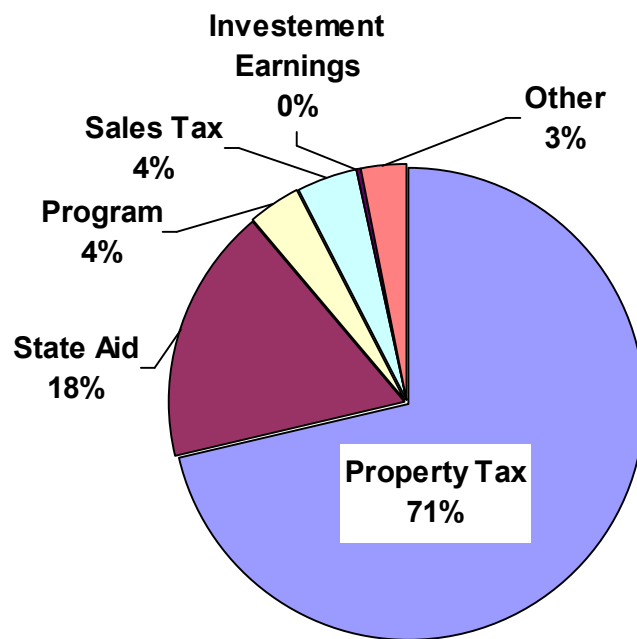
The \$2.4 million decrease in Net Position (page 18) is attributable to a) Reporting net pension asset/liability b) Other Post Employment Benefit liability and c) the depreciation of assets over time. The District's breakdown of revenues is as follows: state and federal aid accounted for 18% of revenues and property taxes accounted for 72% of revenues. The remaining 10% of revenue came from sales tax, operating grants, charges for services, investment earnings and miscellaneous revenues. The District's expenses are predominately related to education and caring for students, or 86% of total expenses, and general support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 14% of the total costs.

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

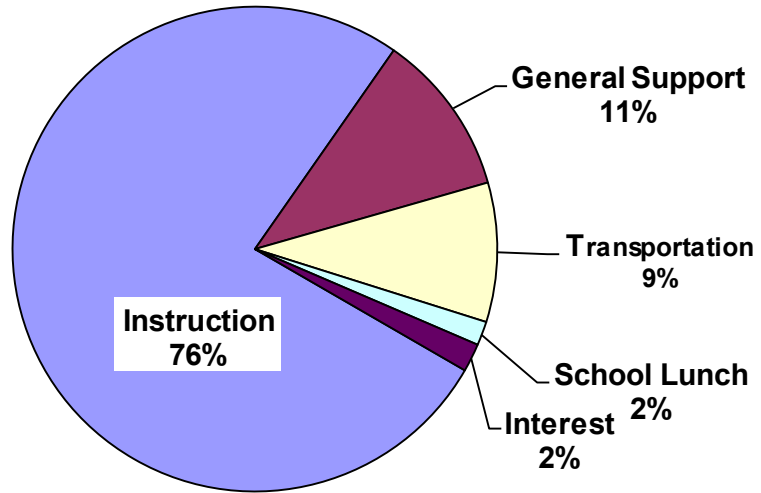
**Districtwide Revenues by Source
For the Year Ended June 30, 2019**



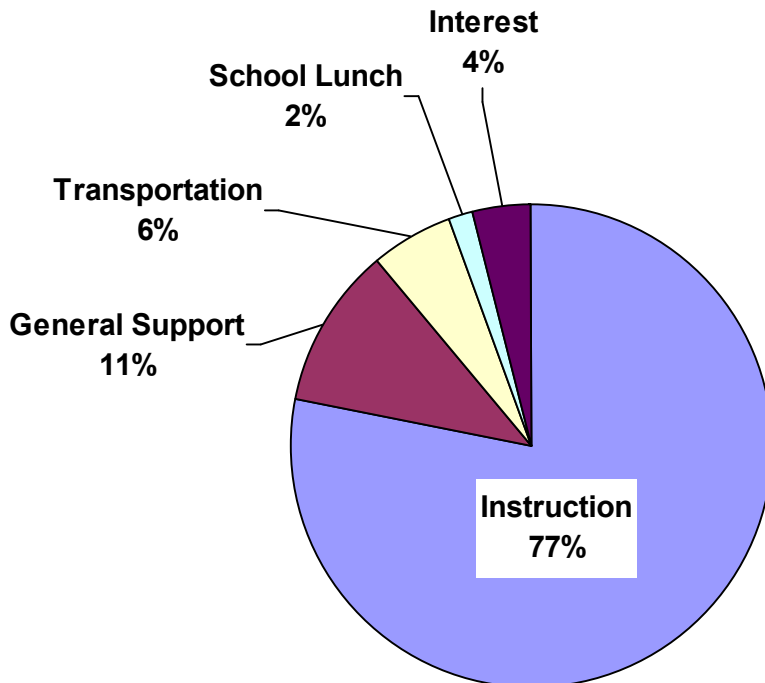
**Districtwide Revenues by Source
For the Year Ended June 30, 2018**



**Districtwide Expenses by Function
For the Year Ended June 30, 2019**



**Districtwide Expenses by Function
For the Year Ended June 30, 2018**



Fund Financial Statements

The fund financial statements provide detailed information about the District's most significant (major) funds.

A **fund** is a grouping of related accounts, and 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. Most of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. We describe the relationship or differences between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds on the *Reconciliation of the Governmental Funds*.

The District maintains five individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund and the capital fund. Data from the special aid fund, the school lunch fund, and the debt service fund are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in a combining statement format as a supplemental schedule in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund Financial Analysis (District's Funds)

**Pittsford Central School District's Balance Sheet (Page 16)
June 30, 2018 and 2019
(Thousands of dollars)**

	Total General Fund 2019	Total General Fund 2018
Total Assets	\$ 53,450	\$ 52,654
Total Liabilities	\$ 10,912	\$ 8,806
 Fund Balance		
Nonspendable-prepaid	\$ 57	\$ 65
Restricted	33,741	32,814
Assigned, Approp. & Encumbrances	3,273	5,507
Unassigned, Unappropriated	5,467	5,462
Total Fund Balance	\$ 42,538	\$ 43,848

Of the approximately \$42.5 million fund balance in the general fund (page 16), approximately 21% of this total (\$8.7 million) constitutes unreserved fund balance, \$1.3 million is appropriated to reduce the 2019-2020 fiscal year tax levy, \$1.9 million is set aside for encumbrances and \$5.47 million (4% of the 2019-20 budget) is available for ensuing fiscal years. The remainder of fund balance is restricted, which indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts, restricted by district residents for future voter authorized purposes (almost \$34 million), and other Board of Education authorized purposes. Contained in this balance are year-end Board of Education authorized transfers of \$262 thousand to the Capital Bus Reserve, \$500 thousand to the voter authorized Capital Building Reserve, \$100 thousand to the Capital Instructional Technology Reserve, \$250 thousand to the Employee Benefit Reserve, \$250 thousand to the Retirement Contribution Reserve and \$100 thousand to the Reserve for Workers' Compensation.

Maintaining an adequate fund balance has several internal benefits. It maintains a favorable credit rating, thus saving on interest expense and improves cash flow needs until major revenues are received (thereby reducing or eliminating the need for cash flow borrowing). Adequate fund balance also provides funds to leverage state and federal grants and provide for various contingencies.

The following is a summary of the fund balances and reserves as of June 30, 2019 (page 16 and 61) by individual fund (including encumbrances restricted to liquidate current contracts and/or purchase orders):
(Thousands of dollars)

<u>FUND BALANCE:</u>	Fund Balance <u>2019</u>	Fund Balance <u>2018</u>	Change in <u>Fund Balance</u>
General Fund (including reserves)	\$ 42,538	\$ 43,848	\$ (1,310)
Capital Fund	6,618	1,367	5,251
School Lunch Fund	569	457	112
Federal	55	22	33
Debt Service Fund	2,982	3,980	(998)
Total	\$ 52,762	\$ 49,674	\$ 3,088

As of the end of the fiscal year, the District's governmental funds reported combined fund balances of \$52.7 million (see page 17), an increase of approximately \$3.1 million from the prior year. This increase was primarily due to capital renovation and bus purchase costs for the implementation of a full day kindergarten program.

General Fund Budgetary Highlights (Page 56-63)

The difference between the general funds adopted budget and the final amended budget was \$8.4 million. This amount includes, \$2.7 million in carryover of outstanding purchase orders (encumbrances) from the 2017-18 fiscal year, a voter authorized bus purchases of \$1 million, and a voter authorized \$3 million for the repair of two roofs and upgrade to the fuel farm at the Transportation, Maintenance and Food Service facility. There was also a transfer to Debt Service in lieu of issuing debt of \$1.6 million to close out the 2012 voter authorized capital project.

The \$2.6 million positive budget-to-actual variance in general fund revenues and the \$7.2 million positive budget-to-actual variance in general fund expenditures are a result of the following:

- The increase in total revenues of \$2.6 million over budget was primarily due to increases in General Operating Aid (Basic formula and Lottery aid) of \$464 thousand; sales tax revenues of \$647 thousand; charges for educational services to other school districts \$398 thousand, and \$456 thousand in interest income due to an uptick in rates.
- Budgetary controls throughout the year to maintain expenditures below the original budget, including instructional expenditures at 95%, transportation expenditures at 80% and employee benefit expenditures at 92% of original budgetary amounts.

Capital Asset and Debt Administration (Page 37)

The District's capital assets (net of accumulated depreciation) as of June 30, 2019 are as follows:
(Thousands of dollars)

<u>CAPITAL ASSETS</u>	<u>2019</u>	<u>2018</u>
Land	\$ 679	\$ 679
Work in Progress	139	2,112
Buildings and Improvements	123,341	126,879
Machinery and Equipment	9,198	8,463
Total	\$ 133,357	\$ 138,133

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$4777 thousand. The decrease is attributable to work in progress for the capital project and the depreciation of buildings and equipment that are devalued over the useful life of the asset.

Obligations (Page 38-39): The District had total long-term debt including serial bonds and other post employment obligations outstanding of \$366,960 million as of June 30, 2019 (a decrease of \$7.9 million over the previous year).

(Thousands of dollars)

<u>Long-Term Debt Obligations</u>	<u>2019</u>	<u>2018</u>
Serial Bonds	\$ 67,305	\$ 74,005
Other Debt (EPC & Comp. Absences)	7,253	8,493
Other Post Employment Benefits	278,487	292,402
Total Long-Term Obligations	\$ 353,045	\$ 374,900

The change in this long-term debt level is attributable to the following: a) serial bond and interest payments in 2018-19, b) the Government Accounting Standards Board Statement No. 75 requirement to account for in whole other post-employment benefits (healthcare benefits separate from a pension plan) in the current year and c) the Government Accounting Standards Board Statement No. 68 requirement to account and report for Pensions. A postemployment benefit is viewed as a deferred compensation arrangement whereby an employer promises to exchange future benefits for employee's current services.

Our current bond rating is an Aa1. Section 104.00 of the Local Finance Law limits the amount of general obligation debt that a school district may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$397 million, which is significantly higher than the present outstanding general obligation debt of \$68.6 million. The District has leveraged in debt 17% of the legal capacity.

Notes to the Financial Statements

The notes provide additional information that is essential in achieving a full understanding of the data provided in the district-wide and fund financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information (supplementary schedules). The combining statements referred to earlier in connection with non-major governmental funds are presented as supplementary schedules.

Factors Bearing on the District's Future

The state comptroller has advised all participating employers that the billing from the New York State Employees' Retirement System, beginning with the bill due February 2020, for the billing period April 2018 through March 2019, will average 14.9% of eligible payroll. The New York State Employees' Retirement System has informed participating employers that the rate for the bill due February 2021 billing period April 2019 to March 2020, will average 14.6%.

The New York State Teachers' Retirement System has indicated that the rate to be used to calculate expenditures for the 2019-20 fiscal year will be 8.86% of eligible salaries. This rate has decreased by 1.76% over the 2018-19 rate of 10.62% of eligible salaries.

The \$106.5 million capital revitalization project renovation completed in 2009 necessitated issuance of serial bonds of \$102.9 million for permanent funding of the project. The thirteenth principal and the fourteenth interest payment for the capital revitalization project occurred in the 2018-19 fiscal year. The Energy Performance Contract (EPC) work district-wide is complete; the fourteenth principal and interest payment for the EPC occurred in the 2018-19 fiscal year. The current \$43.4 million Capital Project is largely funded through the Capital Reserve Fund and State Building Aid. The District has issued \$25.03 million in Bonds in June 2018 to finance the project of which the first principal and first interest payment occurred during the 2018-19 fiscal year. The District is planning an extensive NYS required Building Condition Survey and the District will use that data as a foundation for a Long-Range Facilities Plan (LRFP). The LRFP will serve as a blue print for a long-term facilities maintenance and renovation plan identifying needs and adjustments to suit educational program and enrollment into the future.

The current public education climate in NYS is a challenging one. Voter influence of their local school budget has been curtailed with the implementation of the Property Tax Cap, requiring a 60% supermajority approval of a budget proposal that results in a Tax Levy increase of more than the Tax Cap (NYS prescribed formula based on CPI). As a greater than average wealth District, we are more dependent on the Tax Levy than are most schools, with approximately 74% of our budget supported by local taxes. Coupled with the States continued failure to follow the law, constitution and court order by freezing Foundation Aid and further reducing it by the Gap Elimination Adjustment (GEA). In the 2016-17 budget the GEA was eliminated, however, the District is still owed more than \$74 million in State Aid in arrears over the previous eight years. When NYS curtails the local community's ability to compensate for the State's failure to comply, planning for and meeting future cost growth trends and unfunded mandates from the State and Federal government, the District is challenged. The District has adopted a multi-year financial planning model and conservatively plans budgets coupled with Fund Balance and Reserve management with an eye toward providing financial stability and predictability into the future.

The District implemented a Full Day Kindergarten program in the 2018-19 school year. Reserve funds were used to purchase additional buses, perform renovations to prepare the new classrooms and add parking in the first year of the program. Over the first three years of the program the State of New York is providing Kindergarten Conversion Aid on a declining scale. At the end of this three-year period, the District will fund the program in its entirety. With strong financial performance in the 2018-19 school year, the District was able to reduce its reliance on appropriated fund balance to prior year's levels for the 2019-20 school budget.

Requests for Information

This financial report is designed to provide district residents, taxpayers, parents, students, investors and creditors, with a general overview of the District's finances, and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Pittsford Central School District
75 Barker Road, East Offices
Pittsford, NY 14534
Attn: Darrin Kenney, Asst. Superintendent for Business, or
Leeanne Reister, Director of Finance

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 56,748,252
Accounts receivable	4,685,894
Inventories	24,857
Prepaid items	57,339
Net pension asset	4,815,351
Capital Assets:	
Land	678,810
Work in progress	138,580
Other capital assets (net of depreciation)	132,539,555
TOTAL ASSETS	<u>\$ 199,688,638</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 61,635,879</u>
 LIABILITIES	
Accounts payable	\$ 1,597,347
Accrued liabilities	860,714
Unearned revenues	313,416
Due to other governments	346
Due to teachers' retirement system	5,070,671
Due to employees' retirement system	630,701
Long-Term Obligations:	
Due in one year	8,509,298
Due in more than one year	344,536,296
TOTAL LIABILITIES	<u>\$ 361,518,789</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 44,768,505</u>
 NET POSITION	
Net investment in capital assets	\$ 64,790,440
Restricted For:	
Capital reserves	23,569,097
Other purposes	13,153,473
Unrestricted	(246,475,787)
TOTAL NET POSITION	<u><u>\$ (144,962,777)</u></u>

(See accompanying notes to financial statements)

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities and Changes in Net Position
For Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
<u>Primary Government -</u>					<u>Governmental</u>
					<u>Activities</u>
General support	\$ 15,356,361	\$ -	\$ -	\$ -	\$ (15,356,361)
Instruction	108,101,222	767,923	2,372,737	332,606	(104,627,956)
Pupil transportation	13,159,957	-	-	-	(13,159,957)
School lunch	2,273,157	1,959,195	-	-	(313,962)
Interest	2,645,882	-	-	-	(2,645,882)
Total Primary Government	<u>\$ 141,536,579</u>	<u>\$ 2,727,118</u>	<u>\$ 2,372,737</u>	<u>\$ 332,606</u>	<u>\$ (136,104,118)</u>
 General Revenues:					
Property taxes					\$ 100,456,150
Non property taxes					5,769,457
State and federal aid					25,411,717
Investment earnings					759,890
Compensation for loss					187,981
Miscellaneous					1,132,365
Total General Revenues					<u>\$ 133,717,560</u>
Changes in Net Position					\$ (2,386,558)
Net Position, Beginning of Year					<u>(142,576,219)</u>
Net Position, End of Year					<u>\$ (144,962,777)</u>

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2019

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 48,620,804	\$ 4,096,419	\$ 4,031,029	\$ 56,748,252
Receivables	3,405,765	332,606	947,523	4,685,894
Inventories	-	-	24,857	24,857
Due from other funds	1,366,412	2,660,443	-	4,026,855
Prepaid items	57,339	-	-	57,339
TOTAL ASSETS	\$ 53,450,320	\$ 7,089,468	\$ 5,003,409	\$ 65,543,197
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 1,562,189	\$ 3,673	\$ 31,485	\$ 1,597,347
Accrued liabilities	551,716	-	6,355	558,071
Due to other funds	2,525,538	467,520	1,033,797	4,026,855
Due to other governments	-	-	346	346
Due to TRS	5,070,671	-	-	5,070,671
Due to ERS	630,701	-	-	630,701
Compensated absences	571,169	-	12,313	583,482
Unearned revenue	-	-	313,416	313,416
TOTAL LIABILITIES	\$ 10,911,984	\$ 471,193	\$ 1,397,712	\$ 12,780,889
Fund Balances -				
Nonspendable	\$ 57,339	\$ -	\$ 24,857	\$ 82,196
Restricted	33,740,679	6,618,275	2,981,891	43,340,845
Assigned	3,272,754	-	598,949	3,871,703
Unassigned	5,467,564	-	-	5,467,564
TOTAL FUND BALANCE	\$ 42,538,336	\$ 6,618,275	\$ 3,605,697	\$ 52,762,308
TOTAL LIABILITIES AND FUND BALANCES	\$ 53,450,320	\$ 7,089,468	\$ 5,003,409	

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	133,356,945
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(302,643)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(67,305,000)
OPEB	(275,302,834)
Compensated absences	(5,408,404)
Energy performance contracts	(1,261,505)
Net pension asset	4,815,351
Deferred outflow - pension	28,448,868
Deferred outflow - OPEB	33,187,011
Net pension liability	(3,184,369)
Deferred inflow - advanced refunding	(2,682,568)
Deferred inflow - pension	(7,207,460)
Deferred inflow - OPEB	(34,878,477)
Net Position of Governmental Activities	\$ (144,962,777)

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes and tax items	\$ 100,456,150	\$ -	\$ -	\$ 100,456,150
Non-property taxes	5,769,457	-	-	5,769,457
Charges for services	767,923	-	-	767,923
Use of money and property	688,138	-	71,751	759,889
Sale of property and compensation for loss	187,981	-	-	187,981
Miscellaneous	1,129,484	-	235,706	1,365,190
State sources	25,232,732	332,606	665,897	26,231,235
Federal sources	178,985	-	1,474,015	1,653,000
Sales	-	-	1,959,195	1,959,195
TOTAL REVENUES	\$ 134,410,850	\$ 332,606	\$ 4,406,564	\$ 139,150,020
EXPENDITURES				
General support	\$ 11,231,162	\$ -	\$ -	\$ 11,231,162
Instruction	66,826,693	-	2,322,956	69,149,649
Pupil transportation	3,828,880	1,823,200	148,185	5,800,265
Employee benefits	36,355,340	-	465,553	36,820,893
Debt service - principal	-	-	10,221,671	10,221,671
Debt service - interest	29,302	-	2,906,336	2,935,638
Cost of sales	-	-	691,194	691,194
Other expenses	-	-	741,194	741,194
Capital outlay	-	1,200,569	-	1,200,569
TOTAL EXPENDITURES	\$ 118,271,377	\$ 3,023,769	\$ 17,497,089	\$ 138,792,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 16,139,473	\$ (2,691,163)	\$ (13,090,525)	\$ 357,785
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 45,000	\$ 6,484,515	\$ 12,237,261	\$ 18,766,776
Transfers - out	(17,494,058)	(1,272,718)	-	(18,766,776)
BAN's redeemed from appropriations	-	2,730,000	-	2,730,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ (17,449,058)	\$ 7,941,797	\$ 12,237,261	\$ 2,730,000
NET CHANGE IN FUND BALANCE	\$ (1,309,585)	\$ 5,250,634	\$ (853,264)	\$ 3,087,785
FUND BALANCE, BEGINNING OF YEAR	43,847,921	1,367,641	4,458,961	49,674,523
FUND BALANCE, END OF YEAR	\$ 42,538,336	\$ 6,618,275	\$ 3,605,697	\$ 52,762,308

(See accompanying notes to financial statements)

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2019

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 3,087,785

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets are lower than depreciation in the current period:

Capital Outlay	\$ 1,200,569	
Additions to Assets, Net	2,228,182	
Depreciation	<u>(8,204,527)</u>	(4,775,776)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 10,221,671	
Proceeds from BAN Redemption	<u>(2,730,000)</u>	7,491,671

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 98,144

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (9,772,334)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		1,014,334
Employees' Retirement System		(176,257)

Portion of deferred (inflow) / outflow recognized in long term debt 191,612

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>454,263</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (2,386,558)**

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2019

	Private Purpose <u>Trust</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 132,518	\$ 2,088,648
Investments	25,566	-
Prefunded flex benefits	-	42,804
TOTAL ASSETS	<u>\$ 158,084</u>	<u>\$ 2,131,452</u>
LIABILITIES		
Accounts payable	\$ -	\$ 976
Extraclassroom activity balances	-	302,090
Other liabilities	-	1,828,386
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 2,131,452</u>
NET POSITION		
Restricted for scholarships	\$ 158,084	
TOTAL NET POSITION	<u>\$ 158,084</u>	

**Statement of Changes in Fiduciary Net Position
For Year Ended June 30, 2019**

	Private Purpose <u>Trust</u>
ADDITIONS	
Contributions	\$ 75,188
Miscellaneous	7,490
Investment earnings	676
TOTAL ADDITIONS	<u>\$ 83,354</u>
DEDUCTIONS	
Other expenses	\$ 32,748
TOTAL DEDUCTIONS	<u>\$ 32,748</u>
CHANGE IN NET POSITION	\$ 50,606
NET POSITION, BEGINNING OF YEAR	<u>107,478</u>
NET POSITION, END OF YEAR	<u>\$ 158,084</u>

(See accompanying notes to financial statements)

PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

1. 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 agency for various student organizations in an agency fund.

(I.) (Continued)

B. Joint Venture

The District is a component of the First Supervisory District of Monroe County Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$11,104,959 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,252,440.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

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

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

(I.) (Continued)

2. **Fund Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

Capital Projects Fund - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

c. **Fiduciary** - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 7, 2018. Taxes are collected during the period September 1 to October 31, 2018.

Uncollected real property taxes are subsequently enforced by the County of Monroe, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

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

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

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

Refer to Note VI for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates

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

I. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

(I.) (Continued)

J. Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible accounts has been provided in the amount of \$19,907 as of June 30, 2019.

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch 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 inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Unearned Revenue

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

N. Deferred Outflows and Inflows of Resources

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

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

O. Vested Employee Benefits

1. Compensated Absences

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

(I.) (Continued)

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

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

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

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

P. Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Short-Term Debt

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

(I.) (Continued)

R. Accrued Liabilities and Long-Term Obligations

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

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

S. Equity Classifications

1. District-Wide Statements

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

- a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 440,831
Unemployment Costs	364,520
Reserve for ERS	2,103,521
Reserve for TRS	867,535
Insurance	1,187,065
Tax Certiorari	1,090,769
Debt	2,981,891
Liability	1,601,027
Employee Benefit Accrued Liability	<u>2,516,314</u>
Total Net Position - Restricted for Other Purposes	<u><u>\$ 13,153,473</u></u>

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

(I.) (Continued)

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

	<u>Total</u>
Inventory in School Lunch	\$ 24,857
Prepaid Items	57,339
Total Nonspendable Fund Balance	<u>\$ 82,196</u>

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

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

<u>Name</u> <u>of Reserve</u>	<u>Maximum</u> <u>Funding</u>	<u>Total Funding</u> <u>Provided</u>	<u>Total</u> <u>Year to Date</u> <u>Balance</u>
May 2015 Bus Capital Reserve	\$ 15,000,000	\$ 10,548,281	\$ 5,087,761
Technology Capital Reserve	\$ 10,000,000	\$ 2,400,000	\$ 1,906,459
Building Capital Reserve	\$ 39,000,000	\$ 33,344,106	\$ 16,574,877

Reserve for Debt Service - According to General Municipal Law §6-1, the 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 the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

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

(I.) (Continued)

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

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

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

Teachers' Retirement Reserve – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which 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 proceeding 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.

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

(I.) (Continued)

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

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Capital	23,569,097
Workers' Compensation	\$ 440,831
Unemployment Costs	364,520
Reserve for ERS	2,103,521
Reserve for TRS	867,535
Insurance	1,187,065
Tax Certiorari	1,090,769
Liability	1,601,027
Employee Benefit Accrued Liability	2,516,314
<u>Capital Fund -</u>	
Bus Purchase Reserve 2018-19	1,021,349
2014-2015 Renovations	138,400
2015-2016 Renovations	250,000
2016-2017 Renovations	250,000
2017-18 Renovations	250,000
2018-19 Renovations	250,000
2019 Capital Improvement Project	2,861,420
BOCES Capital Project	1,597,106
<u>Debt Service Fund -</u>	
Debt Service	2,981,891
Total Restricted Fund Balance	<u><u>\$ 43,340,845</u></u>

(I.) (Continued)

The District appropriated and/or budgeted funds from the following reserves for the 2019-20 budget:

	<u>Total</u>
Workers' Compensation	\$ 20,000
Retirement Contribution	200,000
Employee Benefit Accrued Liability	400,000
Total	<u><u>\$ 620,000</u></u>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2019.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$161,000, and the Capital Projects Fund to be \$9,100. The District reports the following significant encumbrances:

General Fund -

Central Services	\$ 863,013
Teaching-Regular School	172,667
Programs for Children with Handicapping Conditions	491,244
Instructional Media	207,339
Total General Fund Significant Encumbrances	<u><u>\$ 1,734,263</u></u>

Capital Projects Fund -

Capital Outlay	<u><u>\$ 152,589</u></u>
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Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 1,972,754
General Fund - Appropriated for Taxes	1,300,000
Special Aid Fund - Drivers Education Program	31,203
Special Aid Fund - Summer Enrichment	14,039
Special Aid Fund - Roc 2 Change	10,048
School Lunch Fund - Year End Equity	543,659
Total Assigned Fund Balance	<u><u>\$ 3,871,703</u></u>

(I.) (Continued)

- e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

3. **Order of Use of Fund Balance**

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

T. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new standards issued by GASB:

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will be effective for reporting periods beginning after June 15, 2018.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, which will be effective for reporting periods beginning after June 15, 2018.

U. **Future Changes in Accounting Standards**

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2018.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

(I.) (Continued)

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement No. 90, *Majority equity Interests – an amendment of GASB statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2018.

GASB has issued statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2020.

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

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2018-19 fiscal year, the budget was increased by \$1,021,349 from the bus purchase reserve, \$4,597,106 for capital projects, \$38,250 for the liability reserve, \$52,927 for the tax certiorari reserve and \$37,082 for the insurance reserve.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital projects fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

(II.) (Continued)

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Deficit Net Position

The District-wide net position had a deficit at June 30, 2019 of \$144,962,777. The deficit is the result of the implementation of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$275,302,834 at June 30, 2019. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

III. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

The District's aggregate bank balances, included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		58,320,577
Total	\$	<u>58,320,577</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$43,340,845 within the governmental funds and \$132,518 in the fiduciary funds.

IV. Investments

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

- A. Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- B. Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- C. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

<u>Investments</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Unrealized Investment Gain/(Loss)</u>	<u>Type of Investment</u>	<u>Category</u>
Dow Chemical	TE	\$ 25,566	\$ -	Stock	B

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

V. Receivables

Receivables at June 30, 2019 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	
Accounts Receivable	\$ 21,791	\$ -	\$ 2,595	\$ 24,386
Due From State and Federal	1,541,178	332,606	944,928	2,818,712
Due From Other Governments	1,862,703	-	-	1,862,703
Allowance for Uncollectible Uncollectible Accounts	(19,907)	-	-	(19,907)
Total Receivables	\$ 3,405,765	\$ 332,606	\$ 947,523	\$ 4,685,894

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2019 were as follows:

	Interfund			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,366,412	\$ 2,525,538	\$ 45,000	\$ 17,494,058
Special Aid Fund	-	1,033,760	177,649	-
School Lunch Fund	-	37	-	-
Debt Service Fund	-	-	12,059,612	-
Capital Projects Fund	2,660,443	467,520	6,484,515	1,272,718
Total	<u>\$ 4,026,855</u>	<u>\$ 4,026,855</u>	<u>\$ 18,766,776</u>	<u>\$ 18,766,776</u>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

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

VII. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 678,810	\$ -	\$ -	\$ 678,810
Work in progress	2,111,779	1,200,569	3,173,768	138,580
<i>Total Nondepreciable</i>	<u>\$ 2,790,589</u>	<u>\$ 1,200,569</u>	<u>\$ 3,173,768</u>	<u>\$ 817,390</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 227,451,520	\$ 3,022,585	\$ -	\$ 230,474,105
Machinery and equipment	17,861,503	2,485,378	1,541,427	18,805,454
<i>Total Depreciated Assets</i>	<u>\$ 245,313,023</u>	<u>\$ 5,507,963</u>	<u>\$ 1,541,427</u>	<u>\$ 249,279,559</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 100,572,788	\$ 6,559,637	\$ -	\$ 107,132,425
Machinery and equipment	9,398,103	1,644,890	1,435,414	9,607,579
<i>Total Accumulated Depreciation</i>	<u>\$ 109,970,891</u>	<u>\$ 8,204,527</u>	<u>\$ 1,435,414</u>	<u>\$ 116,740,004</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 135,342,132</u>	<u>\$ (2,696,564)</u>	<u>\$ 106,013</u>	<u>\$ 132,539,555</u>
Total Capital Assets	<u>\$ 138,132,721</u>	<u>\$ (1,495,995)</u>	<u>\$ 3,279,781</u>	<u>\$ 133,356,945</u>

(VII.) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

Governmental Activities:

General Government Support	\$ 225,077
Instruction	6,159,506
Pupil Transportation	1,469,826
School Lunch	350,118
Total Depreciation Expense	<u>\$ 8,204,527</u>

VIII. Short-Term Debt

Transactions in short-term debt for the year are summarized below:

	<u>Original Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
BAN -							
2013 Capital Project	\$ 27,760,000	7/9/2018	2.00%	<u>\$ 27,760,000</u>	\$ -	<u>\$ 27,760,000</u>	\$ -
Total Short-Term Debt				<u>\$ 27,760,000</u>	<u>\$ -</u>	<u>\$ 27,760,000</u>	<u>\$ -</u>

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 29,302
Less: Interest Accrued in the Prior Year	(410,608)
Total Short-Term Interest Expense	<u>\$ (381,306)</u>

IX. Long-Term Debt Obligations

Long-term liability balances and activity for the year are summarized below:

	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 74,005,000	\$ -	\$ 6,700,000	\$ 67,305,000	\$ 7,095,000
Energy Performance Contracts	<u>2,053,176</u>	-	<u>791,671</u>	<u>1,261,505</u>	<u>830,816</u>
Total Bonds and Notes Payable	<u>\$ 76,058,176</u>	<u>\$ -</u>	<u>\$ 7,491,671</u>	<u>\$ 68,566,505</u>	<u>\$ 7,925,816</u>
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 1,525,175	\$ 1,659,194	\$ -	\$ 3,184,369	\$ -
OPEB	290,876,348	-	15,573,514	275,302,834	-
Compensated Absences	<u>6,440,169</u>	-	<u>448,283</u>	<u>5,991,886</u>	<u>583,482</u>
Total Other Liabilities	<u>\$ 298,841,692</u>	<u>\$ 1,659,194</u>	<u>\$ 16,021,797</u>	<u>\$ 284,479,089</u>	<u>\$ 583,482</u>
Total Long-Term Obligations	<u>\$ 374,899,868</u>	<u>\$ 1,659,194</u>	<u>\$ 23,513,468</u>	<u>\$ 353,045,594</u>	<u>\$ 8,509,298</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

(IX.) (Continued)

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2019</u>
<u>Serial Bonds -</u>					
Refunding Bond	\$ 35,585,000	2012	2023	2.0%-4.0%	\$ 18,970,000
Refunding Bond	\$ 29,465,000	2013	2033	2.0%-5.0%	24,510,000
2012 Construction	\$ 25,030,000	2018	2034	3.25%-5.00%	23,825,000
Total Serial Bonds					<u>\$ 67,305,000</u>
<u>Energy Performance Contract -</u>					
Energy Performance Contract	\$ 8,908,120	2005	2021	4.84%	<u>\$ 1,261,505</u>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Energy Performance Contract</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 7,095,000	\$ 2,766,575	\$ 830,816	\$ 46,278
2021	7,420,000	2,464,175	430,689	7,858
2022	7,760,000	2,147,875	-	-
2023	8,120,000	1,816,825	-	-
2024	3,205,000	1,568,450	-	-
2025-29	18,515,000	5,428,237	-	-
2030-34	15,190,000	1,258,900	-	-
Total	<u>\$ 67,305,000</u>	<u>\$ 17,451,037</u>	<u>\$ 1,261,505</u>	<u>\$ 54,136</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$45,230,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2019 was composed of:

Interest Paid	\$ 2,906,336
Less: Interest Accrued in the Prior Year	(181,791)
Plus: Interest Accrued in the Current Year	302,643
Total Long-Term Interest Expense	<u>\$ 3,027,188</u>

X. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 28,448,868	\$ 7,207,460
Bonds	-	2,682,568
OPEB	33,187,011	34,878,477
Total	<u>\$ 61,635,879</u>	<u>\$ 44,768,505</u>

XI. Pension Plans

A. General Information

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

B. Provisions and Administration

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

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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. The System is included in the State’s financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(XI.) (Continued)

C. **Funding Policies**

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

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2019:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2019	\$ 2,215,602	\$ 5,070,671

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2019, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the 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.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Net pension assets/(liability)	\$ (3,184,369)	\$ 4,815,351
District's portion of the Plan's total net pension asset/(liability)	0.0449%	0.2663%

(XI.) (Continued)

For the year ended June 30, 2019, the District recognized pension expenses of \$2,362,224 for ERS and \$3,795,235 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expended and actual experience	\$ 627,069	\$ 3,598,473	\$ 213,761	\$ 651,824
Changes of assumptions	800,420	16,832,810	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	817,285	5,345,406
Changes in proportion and differences between the District's contributions and proportionate share of contributions	758,333	308,851	168,183	11,001
Subtotal	<u>\$ 2,185,822</u>	<u>\$ 20,740,134</u>	<u>\$ 1,199,229</u>	<u>\$ 6,008,231</u>
District's contributions subsequent to the measurement date	<u>630,701</u>	<u>4,892,211</u>	<u>-</u>	<u>-</u>
Grand Total	<u>\$ 2,816,523</u>	<u>\$ 25,632,345</u>	<u>\$ 1,199,229</u>	<u>\$ 6,008,231</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019	\$ -	\$ 4,884,646
2020	888,482	3,335,031
2021	(458,643)	403,650
2022	61,753	3,323,686
2023	495,001	2,255,956
Thereafter	-	528,934
Total	<u>\$ 986,593</u>	<u>\$ 14,731,903</u>

E. Actuarial Assumptions

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

(XI.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.00%	7.25%
Salary scale	4.20%	4.72%-1.90%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.25%
COLA's	1.30%	1.50%

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

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 as follows:

<u>Long Term Expected Rate of Return</u>		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
<u>Asset Type -</u>		
Domestic equity	4.55%	5.80%
International equity	6.35%	7.30%
Global equity	0.00%	6.70%
Private equity	7.50%	8.90%
Real estate	5.55%	4.90%
Absolute return strategies *	3.75%	0.00%
Opportunistic portfolios	5.68%	0.00%
Real assets	5.29%	0.00%
Bonds and mortgages	1.31%	0.00%
Cash	-0.25%	0.00%
Inflation-indexed bonds	1.25%	0.00%
Private debt	0.00%	6.80%
Real estate debt	0.00%	2.80%
High-yield fixed income securities	0.00%	3.50%
Domestic fixed income securities	0.00%	1.30%
Global fixed income securities	0.00%	0.90%
Short-term	0.00%	0.30%

(XI.) (Continued)

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

F. Discount Rate

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

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

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

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (13,922,572)	\$ (3,184,369)	\$ 5,836,482
	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (33,082,245)	\$ 4,815,351	\$ 36,563,004

H. Pension Plan Fiduciary Net Position

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

(XI.) (Continued)

	<u>(In Thousands)</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Employers' total pension liability	\$ 189,803,429	\$ 118,107,253
Plan net position	182,718,124	119,915,517
Employers' net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ 1,808,264</u>
Ratio of plan net position to the employers' total pension asset/(liability)	96.27%	101.53%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$630,701

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 \$5,070,671.

XII. Postemployment Benefits

A. General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms – At March 31, 2019, the following employees were covered by the benefit terms:

(XII.) (Continued)

Inactive employees or beneficiaries currently receiving benefit payments	1,058
Active Employees	<u>1,102</u>
Total	<u><u>2,160</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$275,302,834 was measured as of March 31, 2019, and was determined by an actuarial valuation as of that date. This liability is calculated based on the various employment contracts that the District has negotiated. From a budgeting process the District currently is on a pay as you go basis for retiree's which means the District employment budgets the annual cash cost associated with this benefit for retirees and pays that cost to an insurance carrier.

New York State provides no mechanism for the funding of the actuarial calculated liability, and therefore, the financial statements reflect a deficit net position at June 30, 2019 totaling \$144,962,777.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
Salary Increases	3.36 percent, average, including inflation
Discount Rate	3.44 percent
Healthcare Cost Trend Rates	5.2 percent for 2016, decreasing to an ultimate rate of 3.8 percent
Retirees' Share of Benefit-Related Costs	Varies between 80% and 100% depending on contract

The discount rate was based on a tax exempt, high quality 20-year tax-exempt general obligation municipal bond yield or index rate.

Mortality rates were based on 2015 NYSTRS retirement mortality rates, as appropriate, with adjustments for mortality improvements based on Scale AA.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	<u>\$ 290,876,348</u>
<u>Changes for the Year -</u>	
Service cost	\$ 9,401,775
Interest	10,582,508
Differences between expected and actual experience	(29,571,025)
Changes in assumptions or other inputs	1,147,095
Benefit payments	<u>(7,133,867)</u>
Net Changes	<u>\$ (15,573,514)</u>
Balance at June 30, 2019	<u><u>\$ 275,302,834</u></u>

(XII.) (Continued)

Changes of benefit terms reflect the following:

- The Single Discount Rate changed from 3.80% to 3.61% effective June 30, 2019
- Mortality rate updated to Adjusted RP-2014 combined mortality, fully generational using scale MP-2018

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(2.44%)</u>	<u>(3.44%)</u>	<u>(4.44%)</u>
Total OPEB Liability	\$ 326,319,995	\$ 275,302,834	\$ 235,196,250

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.32 percent) or 1-percentage-point higher (5.32 percent) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	(4.20	(5.20	(6.20
	Decreasing	Decreasing	Decreasing
	<u>to 3.32)</u>	<u>to 4.32)</u>	<u>to 5.32)</u>
Total OPEB Liability	\$ 226,800,297	\$ 275,302,834	\$ 344,493,817

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$17,042,212. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 26,443,534	\$ 22,358,580
Changes of assumptions	4,960,010	12,519,897
Contributions after measurement date	1,783,467	-
Total	<u>\$ 33,187,011</u>	<u>\$ 34,878,477</u>

(XII.) (Continued)

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

<u>Year</u>	
2020	\$ (2,942,071)
2021	(2,942,071)
2022	(3,206,885)
2023	649,152
2024	1,342,418
Thereafter	3,624,524
Total	<u><u>\$ (3,474,933)</u></u>

XIII. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

1. Plan I

The Plans objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plans may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plans year. Plan members bear an equal proportionate share of the Plans' assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plans are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan's members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

(XIII.) (Continued)

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2019, the District incurred premiums or contribution expenditures totaling \$2,132,889.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2018, revealed that the Plan was fully funded.

2. Plan II

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2019.

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

(XIII.) (Continued)

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended December 31, 2018 revealed that the Plan was fully funded.

During the year ended June 30, 2019, the District incurred premiums or contribution expenditures totaling \$19,664,926.

C. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

(XIII.) (Continued)

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2019, the District incurred premiums or contribution expenditures totaling \$740,771.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2018, revealed that the Plan was underfunded.

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2018-19 fiscal year totaled \$21,519. The balance of the fund at June 30, 2019 was \$364,520 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2019, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

E. Health Fund

The Health Fund was established effective July 1, 1990 for all members of the teaching staff with an FTE of .5 or more. The District contributes yearly an amount to be used for the payment of medical and health care expenses incurred by the employee and eligible dependents. Unused balances roll to the next year. The full time teacher contribution during 2018-19 was \$850 for teachers and \$900 for paraprofessionals per individual plus administrative fees. Part-time teachers and paraprofessionals received a reduced amount.

For fiscal year 2018-19 the District expended \$477,179 for teachers and paraprofessionals. The unexpended balance in the Health Fund account at June 30, 2019 which represents the cumulative running balance of the participants amounted to \$1,700,998 and is reported as other liabilities in the Trust and Agency Fund.

F. Dental Fund

The District has a self insured plan for dental coverage. The plan is administered by a third party administrator who pays the claims directly to the dentists. The District then reimburses the third party administrator for the exact amount of the claims paid. The total cost to the District for dental claims during 2018-19 was \$959,012.

XIV. Commitments and Contingencies

A. Litigation

The District has several real property tax assessment matters in which the individuals are requesting reductions of their tax assessments. The district also filed a breach of contract claim against a vendor and received an impartial due process hearing request pursuant to the Individuals with Disabilities Education Act. The financial outcomes of these matters cannot be determined at this time.

(XIV.) (Continued)

B. Grants

The District has received grants, which are subject to audit by agencies of the State and Federal Governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

XV. Lease Commitments and Leased Assets

The District leases photocopying equipment under the terms of various non-cancelable leases. Rental expense for the (equipment) was \$119,458.

Minimum annual rentals for each of the remaining years of the lease are as follows:

Year Ending		
<u>June 30,</u>	<u>Amount</u>	
2020	\$	86,259
2021	\$	36,948
2022	\$	7,999
2023	\$	7,999
2024	\$	4,000

XVI. Tax Abatement

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced \$107,016 The District received payment in lieu of tax (PILOT) payment totaling \$74,656 to help offset the property tax reduction. The total net tax abated was \$32,360.

Required Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
(Unaudited)
For Year Ended June 30, 2019

TOTAL OPEB LIABILITY			
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 9,401,775	\$ 9,016,313	\$ 8,311,872
Interest	10,582,508	10,190,452	8,148,245
Changes in benefit terms	-	(459,965)	-
Differences between expected and actual experiences	(29,571,025)	6,060,831	31,761,645
Changes of assumptions or other inputs	1,147,095	6,915,240	(17,397,777)
Benefit payments	<u>(7,133,867)</u>	<u>(6,589,823)</u>	<u>(5,928,449)</u>
Net Change in Total OPEB Liability	\$ (15,573,514)	\$ 25,133,048	\$ 24,895,536
Total OPEB Liability - Beginning	<u>\$ 290,876,348</u>	<u>\$ 265,743,300</u>	<u>\$ 240,847,764</u>
Total OPEB Liability - Ending	<u><u>\$ 275,302,834</u></u>	<u><u>\$ 290,876,348</u></u>	<u><u>\$ 265,743,300</u></u>
 Covered Employee Payroll	 \$ 62,000,000	 \$ 50,378,752	 \$ 50,378,752
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 444.04%	 577.38%	 527.49%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
(Unaudited)
For Year Ended June 30, 2019

NYSERS Pension Plan					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0449%	0.0473%	0.0488%	0.0498%	0.0482%
Proportionate share of the net pension liability (assets)	\$ 3,184,369	\$ 1,525,175	\$ 4,586,926	\$ 7,990,840	\$ 1,629,503
Covered-employee payroll	\$ 15,663,778	\$ 15,376,066	\$ 15,070,830	\$ 14,262,724	\$ 14,403,537
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	20.330%	9.919%	30.436%	56.026%	11.313%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.2663%	0.2668%	0.2698%	0.2730%	0.2725%
Proportionate share of the net pension liability (assets)	\$ (4,815,351)	\$ (2,027,966)	\$ 2,889,537	\$ (28,352,181)	\$ (30,355,697)
Covered-employee payroll	\$ 46,066,016	\$ 44,242,586	\$ 43,225,052	\$ 42,391,356	\$ 41,669,104
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-10.453%	-4.584%	6.685%	-66.882%	-72.849%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
(Unaudited)
For Year Ended June 30, 2019

NYSERS Pension Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,215,602	\$ 2,226,497	\$ 2,200,715	\$ 2,420,688	\$ 2,596,813
Contributions in relation to the contractually required contribution	<u>(2,215,602)</u>	<u>(2,226,497)</u>	<u>(2,200,715)</u>	<u>(2,420,688)</u>	<u>(2,596,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 15,663,778	\$ 15,376,066	\$ 15,070,830	\$ 14,262,724	\$ 14,403,537
Contributions as a percentage of covered-employee payroll	14.14%	14.48%	14.60%	16.97%	18.03%

NYSTRS Pension Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 5,070,671	\$ 4,519,493	\$ 5,275,356	\$ 5,750,979	\$ 7,416,144
Contributions in relation to the contractually required contribution	<u>(5,070,671)</u>	<u>(4,519,493)</u>	<u>(5,275,356)</u>	<u>(5,750,979)</u>	<u>(7,416,144)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 46,066,016	\$ 44,242,586	\$ 43,225,052	\$ 42,391,356	\$ 41,669,104
Contributions as a percentage of covered-employee payroll	11.01%	10.22%	12.20%	13.57%	17.80%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2019

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 100,460,555	\$ 93,372,932	\$ 93,292,449	\$ (80,483)
Real property tax items	84,085	7,171,708	7,163,701	(8,007)
Non-property taxes	5,122,343	5,122,343	5,769,457	647,114
Charges for services	369,121	369,121	767,923	398,802
Use of money and property	232,000	232,000	688,138	456,138
Sale of property and compensation for loss	93,000	93,000	187,981	94,981
Miscellaneous	545,000	545,000	1,129,484	584,484
State Sources -				
Basic formula	21,761,657	17,530,249	17,066,703	(463,546)
Lottery aid	-	4,231,408	5,135,310	903,902
BOCES	2,298,431	2,298,431	2,252,440	(45,991)
Textbooks	360,568	360,568	361,733	1,165
All Other Aid -				
Computer software	185,268	185,268	183,001	(2,267)
Library loan	40,344	40,344	39,850	(494)
Other aid	200,000	200,000	193,695	(6,305)
Federal Sources	40,000	40,000	178,985	138,985
TOTAL REVENUES	<u>\$ 131,792,372</u>	<u>\$ 131,792,372</u>	<u>\$ 134,410,850</u>	<u>\$ 2,618,478</u>
Other Sources -				
Transfer - in	\$ -	\$ -	\$ 45,000	\$ 45,000
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 131,792,372</u>	<u>\$ 131,792,372</u>	<u>\$ 134,455,850</u>	<u>\$ 2,663,478</u>
Appropriated reserves	\$ 1,898,000	\$ 6,047,608		
Appropriated fund balance	\$ 2,854,508	\$ 4,451,614		
Prior year encumbrances	\$ 2,653,050	\$ 2,653,050		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u>\$ 139,197,930</u>	<u>\$ 144,944,644</u>		

Required Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2019

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 41,990	\$ 41,218	\$ 28,530	\$ 1,361	\$ 11,327
Central administration	346,651	382,127	371,245	6,362	4,520
Finance	936,201	951,336	904,954	17,859	28,523
Staff	973,377	976,628	824,722	49,294	102,612
Central services	9,281,060	9,433,144	7,535,753	863,013	1,034,378
Special items	1,525,347	1,653,607	1,565,958	5,001	82,648
Instructional -					
Instruction, administration and improvement	3,904,303	4,061,007	3,811,424	33,837	215,746
Teaching - regular school	37,124,371	37,139,096	35,368,023	172,667	1,598,406
Programs for children with handicapping conditions	15,918,238	15,945,142	14,182,726	491,244	1,271,172
Occupational education	415,570	415,570	363,445	5,557	46,568
Teaching - special schools	27,154	27,154	23,567	433	3,154
Instructional media	5,107,634	6,708,720	6,399,989	207,339	101,392
Pupil services	6,782,731	6,931,372	6,677,519	41,248	212,605
Pupil Transportation	4,730,303	4,766,768	3,828,880	77,230	860,658
Employee Benefits	39,586,310	37,396,610	36,355,340	309	1,040,961
Debt service - interest	29,796	29,796	29,302	-	494
TOTAL EXPENDITURES	<u>\$ 126,731,036</u>	<u>\$ 126,859,295</u>	<u>\$ 118,271,377</u>	<u>\$ 1,972,754</u>	<u>\$ 6,615,164</u>
Other Uses -					
Transfers - out	12,466,894	18,085,349	17,494,058	-	\$ 591,291
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 139,197,930</u>	<u>\$ 144,944,644</u>	<u>\$ 135,765,435</u>	<u>\$ 1,972,754</u>	<u>\$ 7,206,455</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (1,309,585)		
FUND BALANCE, BEGINNING OF YEAR	<u>43,847,921</u>	<u>43,847,921</u>	<u>43,847,921</u>		
FUND BALANCE, END OF YEAR	<u>\$ 43,847,921</u>	<u>\$ 43,847,921</u>	<u>\$ 42,538,336</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For Year Ended June 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 136,544,880
Prior year's encumbrances	2,653,050
Original Budget	\$ 139,197,930
Budget revisions -	
Capital reserve - bus purchases	1,021,349
Capital reserve - capital project	3,000,000
Transfer to capital fund in lieu of issuing debt	1,597,106
Liability reserve	38,250
Tax certiorari reserve	52,927
Insurance reserve	37,082
FINAL BUDGET	\$ 144,944,644

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2019-20 voter approved expenditure budget	\$ 136,689,421
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 3,272,754
Unassigned fund balance	5,467,564
Total Unrestricted fund balance	\$ 8,740,318
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 1,300,000
Encumbrances included in assigned fund balance	1,972,754
Total adjustments	\$ 3,272,754
General fund fund balance subject to Section 1318 of Real Property Tax Law	5,467,564
ACTUAL PERCENTAGE	4.00%

Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For Year Ended June 30, 2019

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Total</u>	
Bus Purchase Reserve 2018-19	\$ 1,324,047	\$ 1,324,047	\$ -	\$ 1,324,047	\$ 1,324,047	\$ -	\$ -	\$ 1,324,047	\$ -	\$ 1,324,047	\$ -
Bus Purchase Reserve 2019-20	1,021,349	1,021,349	-	-	-	1,021,349	-	1,021,349	-	1,021,349	1,021,349
Capital Funded by:											
2013-2014 Renovations	369,200	369,200	231,851	137,349	369,200	-	-	369,200	-	369,200	-
2014-2015 Renovations	250,000	250,000	30,800	80,800	111,600	138,400	-	250,000	-	250,000	138,400
2015-2016 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	-	250,000	250,000
2016-2017 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	-	250,000	250,000
2017-2018 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	-	250,000	250,000
2018-2019 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	-	250,000	250,000
2019 Capital Improvements	3,000,000	3,000,000	-	138,580	138,580	2,861,420	-	3,000,000	-	3,000,000	2,861,420
BOCES Capital Project	1,597,106	1,597,106	-	-	-	1,597,106	-	1,597,106	-	1,597,106	1,597,106
Full Day Kindergarden	616,060	616,060	-	616,060	616,060	-	-	616,060	-	616,060	-
Smart Schools Bond Act	332,606	332,606	-	332,606	332,606	-	-	-	332,606	332,606	-
Capital Reserve December 2012 Authorization:											
Capital Reserve Projects	43,131,786	43,131,786	40,990,141	1,667,045	42,657,186	474,600	25,030,000	17,627,186	-	42,657,186	-
TOTAL	\$ 52,642,154	\$ 52,642,154	\$ 41,252,792	\$ 4,296,487	\$ 45,549,279	\$ 7,092,875	\$ 25,030,000	\$ 26,804,948	\$ 332,606	\$ 52,167,554	\$ 6,618,275

Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019

	Special			Total
	Revenue Funds			
	Special	School	Debt	Governmental
	Aid	Lunch	Service	Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 367,440	\$ 681,698	\$ 2,981,891	\$ 4,031,029
Receivables	944,928	2,595	-	947,523
Inventories	-	24,857	-	24,857
TOTAL ASSETS	<u>\$ 1,312,368</u>	<u>\$ 709,150</u>	<u>\$ 2,981,891</u>	<u>\$ 5,003,409</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities -</u>				
Accounts payable	\$ 27,435	\$ 4,050	\$ -	\$ 31,485
Accrued liabilities	2,278	4,077	-	6,355
Due to other funds	1,033,760	37	-	1,033,797
Due to other governments	-	346	-	346
Compensated Absences	-	12,313	-	12,313
Unearned revenue	193,605	119,811	-	313,416
TOTAL LIABILITIES	<u>\$ 1,257,078</u>	<u>\$ 140,634</u>	<u>\$ -</u>	<u>\$ 1,397,712</u>
<u>Fund Balances -</u>				
Nonspendable	\$ -	\$ 24,857	\$ -	\$ 24,857
Restricted	-	-	2,981,891	2,981,891
Assigned	55,290	543,659	-	598,949
TOTAL FUND BALANCE	<u>\$ 55,290</u>	<u>\$ 568,516</u>	<u>\$ 2,981,891</u>	<u>\$ 3,605,697</u>
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 1,312,368</u>	<u>\$ 709,150</u>	<u>\$ 2,981,891</u>	<u>\$ 5,003,409</u>

Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2019

	<u>Special Revenue Fund</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	
REVENUES				
Use of money and property	\$ -	\$ 1,019	\$ 70,732	\$ 71,751
Miscellaneous	232,825	2,881	-	235,706
State sources	665,897	-	-	665,897
Federal sources	1,474,015	-	-	1,474,015
Sales	-	1,959,195	-	1,959,195
TOTAL REVENUES	<u>\$ 2,372,737</u>	<u>\$ 1,963,095</u>	<u>\$ 70,732</u>	<u>\$ 4,406,564</u>
EXPENDITURES				
Instruction	\$ 2,322,956	\$ -	\$ -	\$ 2,322,956
Pupil transportation	148,185	-	-	148,185
Employee benefits	46,072	419,481	-	465,553
Debt service - principal	-	-	10,221,671	10,221,671
Debt service - interest	-	-	2,906,336	2,906,336
Cost of sales	-	691,194	-	691,194
Other expenses	-	741,194	-	741,194
TOTAL EXPENDITURES	<u>\$ 2,517,213</u>	<u>\$ 1,851,869</u>	<u>\$ 13,128,007</u>	<u>\$ 17,497,089</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (144,476)</u>	<u>\$ 111,226</u>	<u>\$ (13,057,275)</u>	<u>\$ (13,090,525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 177,649	\$ -	\$ 12,059,612	\$ 12,237,261
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 177,649</u>	<u>\$ -</u>	<u>\$ 12,059,612</u>	<u>\$ 12,237,261</u>
NET CHANGE IN FUND BALANCE	<u>\$ 33,173</u>	<u>\$ 111,226</u>	<u>\$ (997,663)</u>	<u>\$ (853,264)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>22,117</u>	<u>457,290</u>	<u>3,979,554</u>	<u>4,458,961</u>
FUND BALANCE, END OF YEAR	<u>\$ 55,290</u>	<u>\$ 568,516</u>	<u>\$ 2,981,891</u>	<u>\$ 3,605,697</u>

Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For Year Ended June 30, 2019

Capital assets, net		\$ 133,356,945
Deduct:		
Short-term portion of bonds payable	\$ 7,095,000	
Long-term portion of bonds payable	60,210,000	
Short-term portion of energy performance contracts	830,816	
Long-term portion of energy performance contracts	430,689	
		68,566,505
Net Investment in Capital Assets		\$ 64,790,440

Supplementary Information
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2019

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-19-0368	\$ 1,082,576
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-19-0368	<u>48,243</u>
Total Special Education Cluster IDEA				\$ 1,130,819
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-18-1385	28,603
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-19-1385	87,687
Title III I - LEP	84.365	N/A	0149-18-1385	9,518
Title IIIA - LEP	84.365	N/A	0293-18-1385	3,561
Title IIIA - LEP	84.365	N/A	0293-19-1385	18,073
Title IVA - Student Support and Academic Enrichments Grants	84.424	N/A	0204-19-1385	4,390
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-18-1385	13,555
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-19-1385	<u>177,809</u>
Total U.S. Department of Education				<u>\$ 1,474,015</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,474,015</u></u>

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Board of Education
Pittsford 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 the Pittsford Central School District, New York, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Pittsford Central School District, New York's basic financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pittsford Central School District, New York's internal control over financial reporting 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 Pittsford Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pittsford Central School District, New York's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rochester, New York
September 20, 2019

