

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE YEAR ENDED JUNE 30, 2018



PRESIDENT, BOARD OF EDUCATION

APPROVED BY
BOARD OF EDUCATION
10.9.18

***SOUTH COLONIE CENTRAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT***

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SOUTH COLONIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2018

This section of the South Colonie Central School District's comprehensive annual financial report presents its discussion and analysis of financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position computed in accordance with GASB No. 34 decreased \$7,712,747 or 5.6%;
- Governmental revenues decreased from \$103.2 million to \$101.8 million or 1%;
- The District has received Aa3 bond rating from Moodys; and
- The District continued to offer all programs, maintaining its core academic programs, while maintaining fund balances at levels allowed by state law.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

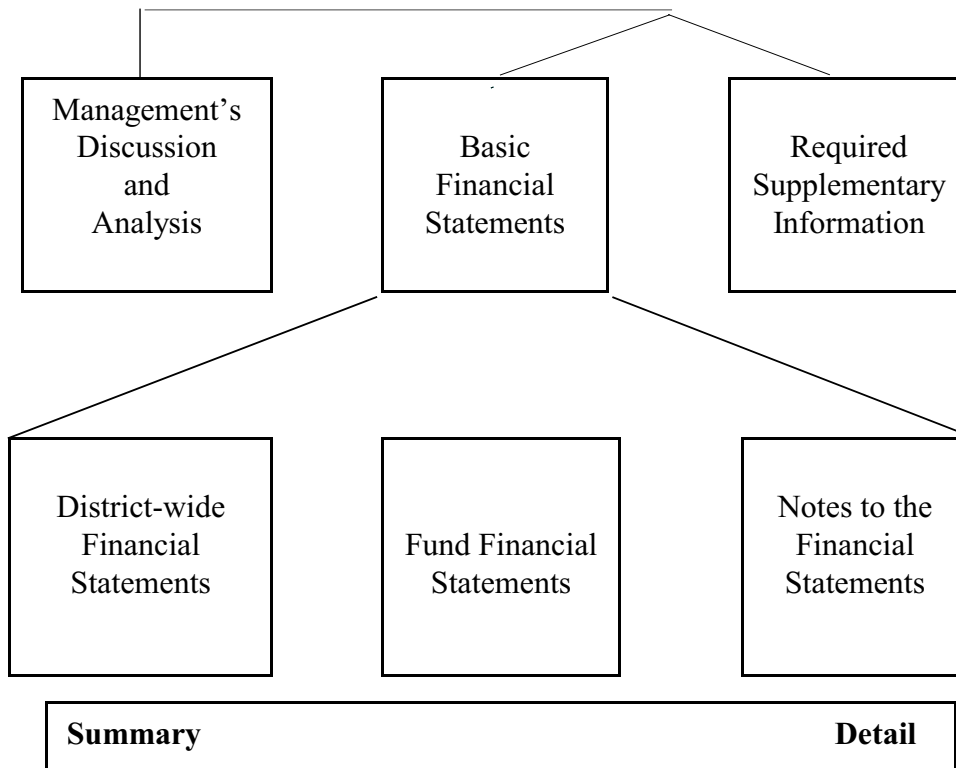
- The first two statements are ***district-wide financial statements*** that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are ***fund financial statements*** that focus on *individual parts* of the District, reporting the operations in *more detail* than the entity-wide statements.
- The ***governmental fund statements*** tell how basic services such as instruction and support functions were financed in the *short-term* as well as what remains for future spending.
- ***Fiduciary funds*** statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

Table A-1: Organization of South Colonie Central School District's Comprehensive Annual Financial Report



SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

Table A-2 Summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-wide and Fund Financial Statements

<u>Description</u>	<u>Entity-wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental</u>	<u>Fiduciary</u>
1. Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
2. Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
4. Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
5. Type of inflow and outflow information	All revenue and expenditures during year; regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenue and expenditures are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they changed. Net position, the difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources management focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalized current outlays for capital assets;
- Report long-term liabilities including debt and compensated absences;
- Depreciate capital assets;
- Calculate revenue and expenditures using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
 - *Net position* invested in capital assets, net of related debt;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are net assets that do not meet any of the above restrictions.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- **Governmental funds:** Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information on the next page of the governmental fund statements explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund and capital project funds. Required statements are the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances.
- **Fiduciary funds:** The District is the trustee or *fiduciary* for assets belonging to others, such as scholarship funds and student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position computed in accordance with GASB No. 34 decreased 5.6% to (\$144.9) million in 2018 as detailed in Tables A-3 and A-4.

**Table A-3: Condensed Statement of Net Position - Governmental Activities
(in Thousands)**

	Fiscal Year 2018	Fiscal Year 2017
Current Assets	\$ 23,077	\$ 31,528
Net Pension Assets	2,112	-
Noncurrent and Capital Assets, Net of Depreciation	<u>57,428</u>	<u>52,238</u>
Total Assets	<u>82,617</u>	<u>83,766</u>
Deferred Outflows of Resources	<u>31,786</u>	<u>31,201</u>
Current Liabilities	23,254	24,531
Long-Term Liabilities	<u>216,895</u>	<u>225,377</u>
Total Liabilities	<u>240,149</u>	<u>249,908</u>
Deferred Inflows of Resources	<u>19,130</u>	<u>2,222</u>
Net Position		
Investment in Capital Assets, Net of Related Debt	26,550	20,938
Restricted for Reserves	7,382	7,524
Assigned	4,756	5,871
Unassigned (Deficit)	<u>(183,563)</u>	<u>(171,496)</u>
Total Net Position	<u>\$ (144,875)</u>	<u>\$ (137,163)</u>

CHANGES IN NET POSITION

The District's total fiscal year 2018 revenue (for general, special aid and school lunch funds) totaled \$101.8 million as compared to \$103.2 million for 2017 (See Table A-4). Property taxes and state formula aid accounted for most of the District's revenue by contributing approximately 91% of every dollar raised for 2018 and 2017 (See Table A-5). The remainder came from fees charged for services, operating grants and other miscellaneous sources.

The total cost of all programs and services (for general, special aid and school lunch funds) totaled \$109.5 million for fiscal year 2018 as compared to \$99.4 million for fiscal year 2017. These expenditures are predominately related to general instruction (77%) and student support services and transporting students (5%) (See Table A-6). The District's administrative, business and operating activities accounted for 11% of total costs.

Net position computed in accordance with GASB No. 34 decreased by approximately \$7.7 million in 2018.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

**Table A-4: Changes in Net Position from Operating Results
(in Thousands)**

	Fiscal Year <u>2018</u>
Revenue	
Program Revenue	
Charges for Services	\$ 2,785
Operating Grants	4,832
General Revenue	
Property Taxes	70,065
State Formula Aid	22,824
Investment Earnings	314
Other	<u>970</u>
Total Revenue	<u>101,790</u>
Expenditures	
Instruction	85,048
Pupil Transportation	5,720
Administration, Business and Operations	11,811
Other, Including Depreciation	<u>6,924</u>
Total Expenditures	<u>109,503</u>
Decrease in Net Position	<u>\$ (7,713)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

Table A-5: Sources of Revenue for Fiscal Year 2018

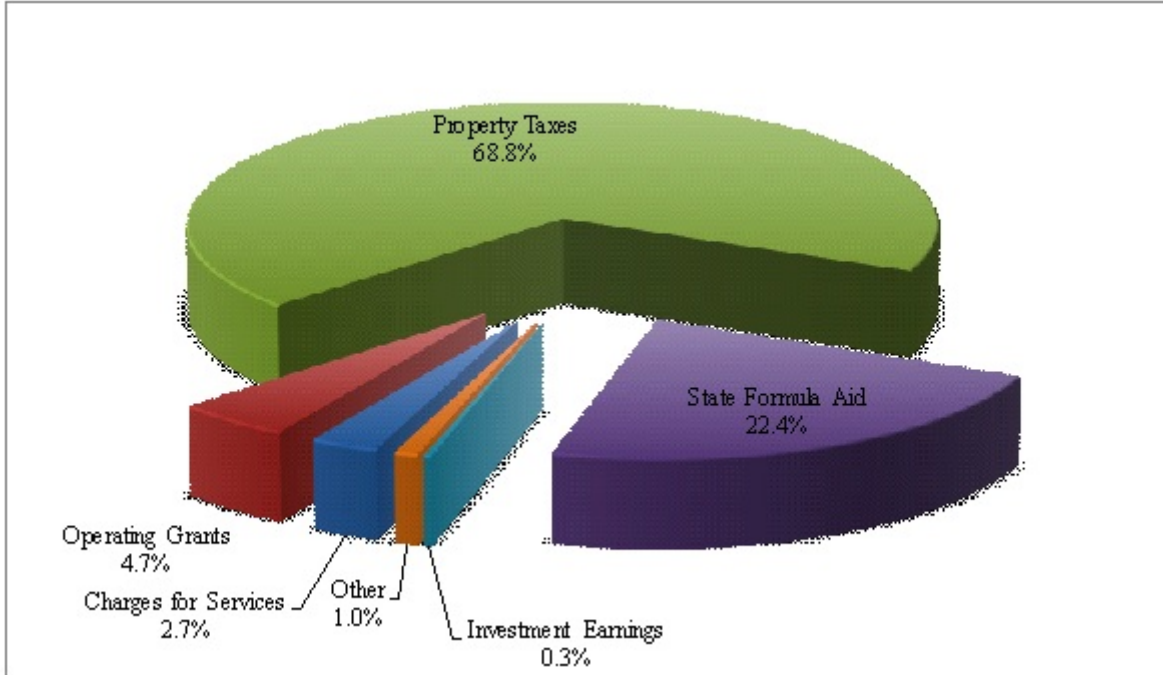
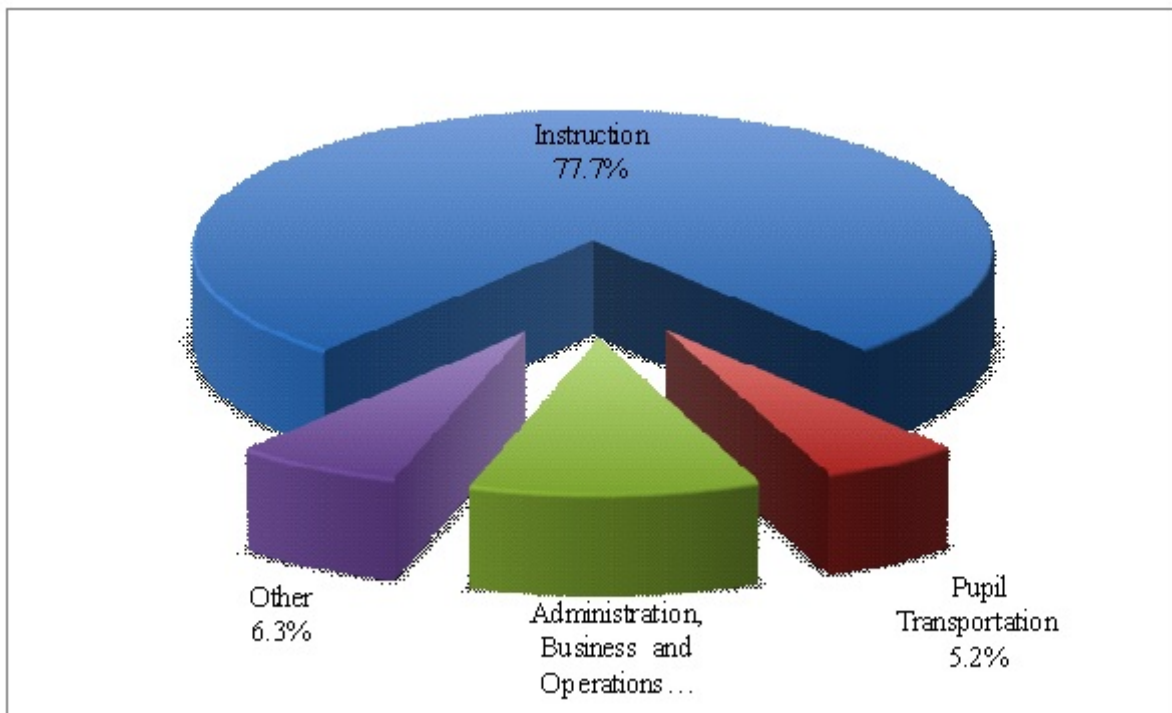


Table A-6: Expenditures for Fiscal Year 2018



SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

GOVERNMENTAL ACTIVITIES

Revenue for the District's governmental activities totaled \$101.8 million while total expenditures equaled \$109.5 million in 2018. Therefore, the decrease in net position for governmental activities was \$7.7 million in 2018. The maintenance of the District's financial condition is dependent upon:

- Continued leadership of the District's board;
- Approval of the District's proposed annual budget;
- Continued state and federal aid

Table A-7 presents the cost of four major District activities: instruction, pupil transportation, administration, business and operations and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for special programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7: Net Cost of Governmental Activities
(in Thousands)**

<u>Category</u>	<u>Fiscal Year 2018</u>	
	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 85,048	\$ 79,452
Pupil Transportation	5,720	5,602
Administration, Business and Operations	11,811	11,811
Other	<u>6,924</u>	<u>5,020</u>
Total	<u>\$ 109,503</u>	<u>\$ 101,885</u>

The cost of all governmental activities in 2018 was \$109.5 (Statement of Activities-Expenditures column).

- The users of the District's programs (\$2.8 million) financed some of the cost in 2018 (Statement of Activities-Charges for Services and Sales column).
- In 2018, the federal and state governments subsidized certain programs with grants and contributions (\$4.8 million) (Statement of Activities-Operating Grants column).
- Most of the District's net costs (\$101.9 million) were financed by District taxpayers and state and federal aid in 2018 (Statement of Activities-Net (Expenditures) Revenue and Change in Net Position column).

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

The general fund equity decreased by \$1,294,436 and increased by \$2,377,944 in 2018 and 2017, respectively. The school lunch fund equity increased by \$143,768 and \$116,472 in 2018 and 2017, respectively. The capital projects fund equity decreased by \$5,944,639 and \$6,482,036 in 2018 and 2017, respectively. The fund equity decrease is the result of capital asset acquisitions.

No other significant variances are reflected in the governmental fund financial statements for 2018.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances and encumbrances carried over from the prior year.
- Changes made to account for significant events.

The District had two significant amendments during fiscal year 2018. The original budget was amended to include encumbrances carried over from the prior year of \$972,851. Amendments totaling \$353,055 for incarcerated youth aid revenue increased both miscellaneous revenue and instructional appropriations, while fund balance was re-appropriated for miscellaneous items totaling \$4,160,000.

No other budgetary variances are considered to be significant during fiscal year 2018.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table reflects the total cumulative cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2018 and 2017:

**Table A-8: Capital Assets
(in Thousands)**

<u>Category</u>	<u>Fiscal Year-End 2018</u>	<u>Fiscal Year-End 2017</u>
Land and Land Improvements	\$ 1,992	\$ 1,992
Buildings	92,731	92,730
Machinery and Equipment	7,459	7,497
Vehicles	7,191	6,987
Construction in Progress	18,450	12,146
Total	<u>\$ 127,823</u>	<u>\$ 121,352</u>

Long-Term Debt

At fiscal year-end 2018 and 2017, the District had \$11.7 and \$14.2, respectively, in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

**Table A-9: Outstanding Long-Term Debt
(in Thousands)**

<u>Category</u>	<u>Fiscal Year-End 2018</u>	<u>Fiscal Year-End 2017</u>
General Obligation Bonds	<u>\$ 11,725</u>	<u>\$ 14,200</u>

During the fiscal year ended 2018 and 2017, the District paid down its debt, retiring \$2.5 and \$3.7 million, respectively, of outstanding bonds. Also per Note 8 the District did not issue any new serial bonds during the fiscal year.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances which may impact its financial position in the future:

Public school districts in New York State will continue to operate under a school tax levy cap which limits the amount of tax revenue that can be raised each year. Tax levy increases are limited to the lesser of two percent or the rate of inflation, subject to exemptions and other adjustments. The tax levy limit impacts the District's ability to raise revenue to support school programs. The property assessment base has remained stable with modest increases. It is anticipated the outcome of current property assessment challenges will have a marginal effect on the School District's over-all tax base.

District enrollment has continued to decline marginally for the past several years. Enrollment is anticipated to bottom out in 2018-19 with slight increases beginning in 2019-20. The District has experienced fluctuation in costs for health insurance and pension contributions, exceeding the rate of inflation. Programmatic needs, mandates and new academic standards at the State and Federal level may require additional resources. The District's State Aid funding has increased and federal allocations have remained relatively stable. Going forward, the allocation of State and Federal support to schools remains an important factor in maintaining the District's financial position. Collectively, these factors will affect the District's current and future operating budgets.

To respond to the changing environment, the School District continues to engage in programmatic and operational review, as it seeks opportunities for technological advancement, shared services, reallocation of resources and greater efficiency district-wide. To promote long term fiscal sustainability, the District continues to explore cost savings measures and engage in long term planning for contractual wages and benefits. The School District continually strives to provide the best possible educational program for our students, moderate tax increases for the school community and protect the financial integrity of the District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

South Colonie Central School District
Attn: Sherri L.D. Fisher
Assistant Superintendent for
Management Services and Strategic Planning
102 Loralee Drive
Albany, New York 12205
(518) 869-3576

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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

Principal Officers Who Served

Board of Education

Mr. Edward Sim, President
Ms. Rose Gigliello, Vice President
Mr. Brian Casey
Mr. David Kiehle
Mrs. Shelle Jaquish
Mr. Neil Johanning
Ms. Christine Mele
Mr. Leonard Motto
Mr. James (Tim) Ryan

Superintendent

Mr. Jonathan Buhner

Assistant Superintendent for Management
Services and Strategic Planning

Mrs. Sherri Fisher

Assistant Superintendent for Instruction

Mr. Timothy Backus

Assistant Superintendent for Human Resources,
Safe Schools and IT

Dr. David Perry

District Treasurer/Business Office Manager

Mrs. Anjelieeque Martinez

INDEPENDENT AUDITOR'S REPORT

Board of Education
South Colonie Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of South Colonie Central School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South Colonie Central School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of funding progress - other postemployment benefit plans, proportionate share of net pension asset/liability and district contributions - pension plans on pages 1-13 and 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the District adopted new guidance for reporting other postemployment benefits which resulted in a restatement to the July 1, 2017 net position. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information on pages 55-57 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 62 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information on pages 55-57 and the schedule of expenditures of federal awards on page 62 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 9, 2018

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:

Unrestricted Cash	\$ 12,594,672
Restricted Cash	7,381,872
State and Federal Aid Receivable	2,277,671
Due from Other Governments	16,848
Other Receivables - Net	735,730
Inventories	<u>70,450</u>
Total Current Assets	<u>23,077,243</u>

Noncurrent Assets:

Capital Assets - Net	52,532,570
Proportionate Share of Net Pension Asset	2,112,390
Due from Consortium	<u>4,895,140</u>
Total Noncurrent Assets	<u>59,540,100</u>

Total Assets 82,617,343

Deferred Outflows of Resources:

Deferred Outflows of Resources Related to Pensions	<u>31,786,173</u>
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Total Assets and Deferred Outflows of Resources \$ 114,403,516

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current Liabilities:

Accounts Payable	\$ 471,654
Bond Anticipation Notes	14,257,808
Accrued Interest Payable	12,661
Other Liabilities	5,617,872
Due to Retirement Systems	122,846
Current Portion of Bonds Payable	2,555,000
Unearned Revenue	<u>215,719</u>
Total Current Liabilities	<u>23,253,560</u>

Noncurrent Liabilities:

Bonds Payable	9,170,000
Postemployment Benefits	204,904,418
Proportionate Share of Net Pension Liability	1,102,642
Compensated Absences	<u>1,717,933</u>
Total Noncurrent Liabilities	<u>216,894,993</u>

Total Liabilities 240,148,553

Deferred Inflows of Resources:

Deferred Inflows of Resources Related to Pensions and OPEB	18,578,161
Unamortized Bond Premium	<u>552,078</u>
Total Deferred Inflows of Resources	<u>19,130,239</u>

NET POSITION:

Invested in Capital Assets, Net of Related Debt	26,549,762
Restricted for Reserves	7,381,872
Assigned	4,756,027
Unassigned Deficit	<u>(183,562,937)</u>
Total Net Position	<u>(144,875,276)</u>

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 114,403,516

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenue</u>		<u>Net (Expenditures) Revenue and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants</u>	
General Support	\$ 11,810,599	\$ -	\$ -	\$ (11,810,599)
Instruction	85,047,555	1,783,033	3,812,226	(79,452,296)
Pupil Transportation	5,719,558	-	117,904	(5,601,654)
Community Services	707,134	-	-	(707,134)
Debt Service - Interest	736,927	-	-	(736,927)
Cost of Cafeteria Sales	1,910,652	1,002,165	902,255	(6,232)
Depreciation - Unallocated	<u>3,569,834</u>	<u>-</u>	<u>-</u>	<u>(3,569,834)</u>
Total Functions and Programs	<u>\$ 109,502,259</u>	<u>\$ 2,785,198</u>	<u>\$ 4,832,385</u>	<u>(101,884,676)</u>
General Revenue				
Real Property Taxes				70,064,670
Use of Money and Property				313,702
Sale of Property and Compensation for Loss				36,442
Miscellaneous				771,394
State Aid				22,823,538
Federal Aid				<u>162,183</u>
Total General Revenue				<u>94,171,929</u>
Change in Net Position				(7,712,747)
Net Position - July 1, 2017, as Restated				<u>(137,162,529)</u>
Net Position - June 30, 2018				<u>\$(144,875,276)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
Assets					
Unrestricted Cash	\$ 11,475,477	\$ 155,754	\$ 852,496	\$ 110,945	\$ 12,594,672
Restricted Cash	7,381,872	-	-	-	7,381,872
State and Federal Aid Receivable	1,422,074	800,420	55,177	-	2,277,671
Due From Other Governments	16,848	-	-	-	16,848
Other Receivables, Net	709,132	25,025	1,573	-	735,730
Due From Other Funds	1,410,781	659,693	-	300,000	2,370,474
Inventories	-	-	70,450	-	70,450
Total Assets	<u>\$ 22,416,184</u>	<u>\$ 1,640,892</u>	<u>\$ 979,696</u>	<u>\$ 410,945</u>	<u>\$ 25,447,717</u>
Liabilities					
Accounts Payable	\$ 383,920	\$ 46,579	\$ 1,584	\$ 39,571	\$ 471,654
Bond Anticipation Notes	-	-	-	14,257,808	14,257,808
Due to Other Funds	959,693	1,410,774	-	7	2,370,474
Due to Other Governments	219,162	4,616	49	-	223,827
Due to Retirement Systems	122,846	-	-	-	122,846
Other Liabilities	5,382,376	7,145	1,122	3,402	5,394,045
Unearned Revenue	9,888	171,778	34,053	-	215,719
Total Liabilities	<u>7,077,885</u>	<u>1,640,892</u>	<u>36,808</u>	<u>14,300,788</u>	<u>23,056,373</u>
Fund Balance					
Nonspendable:					
Inventories	-	-	70,450	-	70,450
Restricted:					
Workers Compensation Reserve	903,929	-	-	-	903,929
Unemployment Insurance Reserve	46,800	-	-	-	46,800
Reserve for Retirement					
Contributions	2,706,057	-	-	-	2,706,057
Insurance Reserve	47,516	-	-	-	47,516
Reserve for Tax Certiorari	1,035,717	-	-	-	1,035,717
Reserve for Employee Benefit					
Accrued Liability	1,188,954	-	-	-	1,188,954
Capital Reserve	1,300,000	-	-	-	1,300,000
Other Restricted Fund Balance	152,899	-	-	-	152,899
Total Restricted Fund Balance	<u>7,381,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,381,872</u>
Assigned:					
General Support	28,198	-	-	-	28,198
Instruction	166,647	-	-	-	166,647
Pupil Transportation	-	-	-	-	-
Community Services	330	-	-	-	330
Appropriated Fund Balance	3,688,414	-	872,438	-	4,560,852
Total Assigned Fund Balance	<u>3,883,589</u>	<u>-</u>	<u>872,438</u>	<u>-</u>	<u>4,756,027</u>
Unassigned (Deficit)	<u>4,072,838</u>	<u>-</u>	<u>-</u>	<u>(13,889,843)</u>	<u>(9,817,005)</u>
Total Fund Balance (Deficit)	<u>15,338,299</u>	<u>-</u>	<u>942,888</u>	<u>(13,889,843)</u>	<u>2,391,344</u>
Total Liabilities and Fund Balance	<u>\$ 22,416,184</u>	<u>\$ 1,640,892</u>	<u>\$ 979,696</u>	<u>\$ 410,945</u>	<u>\$ 25,447,717</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

TOTAL BALANCES FOR GOVERNMENTAL FUNDS	\$ 2,391,344
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets that were acquired or disposed of in current and prior periods are recognized as governmental fund economic resources net of accumulated depreciation.	52,532,570
Bonds payable are long term liabilities and are not reported in the governmental funds statements.	(11,725,000)
Compensated absences are long-term liabilities and are not reported in the governmental funds statement.	(1,717,933)
Interest payable at June 30, 2018 is recognized in the district-wide statements under full accrual accounting. No accrual is recorded in the governmental fund statements for interest that was not paid from current financial resources.	(12,661)
Other postemployment benefit liability is recognized as a liability under full accrual accounting in the statement of net assets.	(213,779,126)
Certain changes to net pension assets and deferred inflows/outflows of resources related to pensions are not recorded in the governmental funds, but are reflected in the statement of net position.	23,092,468
Long-term receivable due from consortium	4,895,140
Bond premium is reported in the governmental funds as revenue in the year received but is reported as a liability in the district-wide statements to be amortized over life of bond.	<u>(552,078)</u>
Net Position of Governmental Activities	<u>\$ (144,875,276)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenue					
Real Property Taxes	\$ 61,965,224	\$ -	\$ -	\$ -	\$ 61,965,224
Other Real Property Tax Items	8,099,446	-	-	-	8,099,446
Charges for Services	1,783,033	-	-	-	1,783,033
Use of Money and Property	313,702	-	-	-	313,702
Sale of Property and Compensation for Loss	36,442	-	-	-	36,442
Miscellaneous	543,365	138,960	9,541	-	691,866
State Aid	22,823,538	1,723,259	30,858	-	24,577,655
Federal Aid	162,183	2,067,911	871,397	-	3,101,491
Sales	-	-	992,624	-	992,624
Total Revenue	<u>95,726,933</u>	<u>3,930,130</u>	<u>1,904,420</u>	<u>-</u>	<u>101,561,483</u>
 Other Sources					
Interfund Transfers	-	130,000	150,000	300,000	580,000
Total Revenue and Other Sources	<u>95,726,933</u>	<u>4,060,130</u>	<u>2,054,420</u>	<u>300,000</u>	<u>102,141,483</u>
 Expenditures					
General Support	8,135,063	-	-	-	8,135,063
Instruction	55,450,286	3,579,754	854,797	-	59,884,837
Pupil Transportation	3,831,965	107,629	-	-	3,939,594
Community Services	487,069	-	-	-	487,069
Employee Benefits	24,275,892	383,145	334,895	-	24,993,932
Debt Service	4,250,696	-	-	-	4,250,696
Cost of Cafeteria Sales	-	-	689,979	-	689,979
Capital Outlay	-	-	-	7,367,005	7,367,005
Other Expenses	-	-	30,981	-	30,981
Total Expenditures	<u>96,430,971</u>	<u>4,070,528</u>	<u>1,910,652</u>	<u>7,367,005</u>	<u>109,779,156</u>
 Other Uses					
Interfund Transfers	580,000	-	-	-	580,000
Total Expenditures and Other Uses	<u>97,010,971</u>	<u>4,070,528</u>	<u>1,910,652</u>	<u>7,367,005</u>	<u>110,359,156</u>
 Excess (Deficiency) of Revenue over Expenditures	<u>(1,284,038)</u>	<u>(10,398)</u>	<u>143,768</u>	<u>(7,067,005)</u>	<u>(8,217,673)</u>
 Other Changes in Fund Equity (Deficit)					
Project Close-Out	(10,398)	10,398	-	-	-
Premium on BANs	-	-	-	85,277	85,277
BAN Redeemed From Appropriations	-	-	-	1,037,089	1,037,089
Total Other Changes	<u>(10,398)</u>	<u>10,398</u>	<u>-</u>	<u>1,122,366</u>	<u>1,122,366</u>
 Net Change in Fund Equity (Deficit)	(1,294,436)	-	143,768	(5,944,639)	(7,095,307)
 Fund Equity (Deficit), Beginning of Year	<u>16,632,735</u>	<u>-</u>	<u>799,120</u>	<u>(7,945,204)</u>	<u>9,486,651</u>
 Fund Equity (Deficit), End of Year	<u>\$ 15,338,299</u>	<u>\$ -</u>	<u>\$ 942,888</u>	<u>\$ (13,889,843)</u>	<u>\$ 2,391,344</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS COMBINED STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018*

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (7,095,307)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as additions to capital assets under the full accrual basis of accounting.	8,233,372
Depreciation expense is recorded under the full accrual basis of accounting.	(3,569,834)
Loss on asset disposition is recorded under the full accrual basis of accounting.	(2,160)
Interest expense is reported in the governmental funds as the amount paid during the year. Adjustments are made to record the accrued interest expense under the full accrual basis of accounting.	1,680
The net compensated absences change in balance is recognized as an (increase)/reduction of liability when incurred/paid under full accrual accounting.	(213,278)
The current year's various debt principal payments are recognized as a reduction of liability when paid and are not reported as expenditures in the district-wide statements.	2,475,000
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	(7,667,959)
Certain changes to pension expense are not reflected in the governmental funds, but are reflected in the statement of activities.	(547,469)
Long-term receivable due from consortium	528,296
Amortization of bond premium is recorded as an offset to expense under the full accrual basis of accounting.	<u>144,912</u>
Change in Net Position of Governmental Activities	<u><u>\$ (7,712,747)</u></u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Private-purpose Trusts	Agency Funds
ASSETS		
Cash	\$ 121,771	\$ 323,284
Cash - Restricted	-	156,034
Total Assets	<u>\$ 121,771</u>	<u>\$ 479,318</u>
LIABILITIES		
Extraclassroom Activity Balances	\$ -	\$ 156,034
Other Liabilities	-	323,284
Total Liabilities	<u>-</u>	<u>479,318</u>
NET POSITION		
Reserved for Scholarships	<u>121,771</u>	<u>-</u>
Total Net Position	<u>121,771</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 121,771</u>	<u>\$ 479,318</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Private-purpose Trusts
ADDITIONS	
Gifts and Contributions	\$ 86,771
Investment Income	<u>25</u>
Total Additions	<u>86,796</u>
DEDUCTIONS	
Scholarships Awarded and Other	<u>69,667</u>
Change in Net Position	17,129
Net Position - July 1, 2017	<u>104,642</u>
Net Position - June 30, 2018	<u><u>\$ 121,771</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the South Colonie Central School District (“the School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below.

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 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 financial statements include all funds of the School District as well as the component units and other organizational entities determined to be includible in the School District’s financial reporting entity.

The decision to include a potential component unit in the School District’s reporting entity is based on criteria set forth in GASB Statement 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of the activity included in the School District’s reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the South Colonie Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Agency Funds of the School District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at pages 67-73 of this document.

B. Joint Venture

The School District is a component district in Capital Region BOCES. BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its 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 General Municipal Law.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (Continued)

During the year ended June 30, 2018, the District was billed approximately \$519,000 related to Capital Region BOCES administrative and program costs. The financial statements for the Capital Region BOCES are available from the BOCES administrative offices at 900 Watervliet-Shaker Road, Albany, New York 12205. The District's share of BOCES income amounted to approximately \$961,000.

The District is also a member in The Capital Area Schools Health Insurance Consortium (the "Consortium"). The Consortium is considered a public entity risk pool, which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under §510(c)(9) of the Internal Revenue Code. The Consortium includes New York public school districts located in Albany, Schenectady, Schoharie and Washington Counties. The Consortium was formed May 1, 1994 to allow member schools to obtain health insurance and prescription drug benefits at a lower cost through a pooled purchasing arrangement.

The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits. The Consortium is not liable for any medical, dental or prescription drug claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the trust. As of June 30, 2018 the District's prescription drug plan account balance maintained by the Consortium is \$1,774,239. In addition, the Consortium also maintains an account balance for the District of \$3,120,901, held to fund health premium payments that may be required under the retrospective funding arrangement in place for one of the insured health insurance contracts.

C. Basis of Presentation

The School District's financial statements are presented on a government-wide, governmental fund and fiduciary fund basis in accordance with GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As a result, these financial statements include a management discussion and analysis of the School District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the School District's activities.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net assets resulting from the current year's activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net position and a statement of activities.

The statement of net position recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The School District's net position is reported in three parts: invested in capital assets, net of related debt and accumulated depreciation; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other position; and unrestricted net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenue includes charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The School District's primary program revenue is operating grants. Revenue which is not classified as program revenue is presented as general revenue and consist primarily of property taxes, investment earnings, and state and federal aid.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the School District's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by type with each major fund presented in a separate column. The following funds are used by the School District.

- a. General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- b. Special Aid and School Lunch - is used to account for the proceeds of specific revenue sources such as federal and state grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use, other than expendable trusts or major capital projects. These legal restrictions may be imposed by either governments that provide the funds or outside parties.
- c. Capital Project Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities for the funds each capital project is assessed to determine whether it is a major or non-major fund.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support School District programs. The School District has the following fiduciary funds:

- a. Agency - established to account for assets held in trust by the School District.
- b. Private Purpose Trust Funds - established to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenditures are recorded at the time the liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property and utility taxes, grants and donations. On an accrual basis, revenue from nonexchange transactions are recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenue from grants and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in separate financial statements.

The basis of accounting determines when revenue and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and interfund balances are included in the fund types on the balance sheet. Operating statements of these fund types present increases (*i.e.*, revenue and other financing sources) and decreases (*i.e.*, expenditures and other financing uses) in fund equity.

Governmental Fund Financial Statements

Modified Accrual Basis - accounting principles generally accepted in the United States of America and the New York State Uniform System of Accounts for School Districts require that the District use the modified accrual basis of accounting for recording transactions in its governmental fund types and expendable trust and agency funds as applicable. Under this basis of accounting, revenue is recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition for governmental fund revenue. Material revenue that is susceptible to accrual include charges for services, intergovernmental revenue and operating transfers. If expenditures are the prime factor for determining eligibility, revenue from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid items are recognized at the time of disbursement when the School District is liable for payment.
- b. Principal and interest on long-term debt is recognized as an expenditure when due.
- c. Interest on short-term debt is recognized as an expenditure when due.
- d. Pension costs are recognized as an expenditure when billed by the State.
- e. Compensated absences for vacation leave and other compensated absences with similar characteristics should be accrued as a liability when expected to be paid in the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Masurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

- f. Certiorari claims paid and real estate tax reductions are recognized as expenditures upon receipt of court orders.
- g. Nonexpendable trust funds are accounted for on the modified accrual basis of accounting.

Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisal or deflated current replacement cost. Contributed assets are reported at estimated fair market values at the time received.

Capital assets with a minimum depreciable base of \$500 are depreciated in the government-wide financial statements using the straight-line method, and capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 10 to 30 years, land improvements - 15 to 20 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

Unearned Revenue and Deferred Outflows and Inflows of Resources

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.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are generally three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the 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 differences during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Masurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Unearned Revenues and Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are generally two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and differences during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

Postemployment Benefits

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits by the School District is in the same proportion of current employees as stated in the various contracts. The School District recognizes the cost of providing health insurance by recording insurance premiums (for retirees and their dependents) as an expenditure in the year paid. (See Note 7 for additional information on GASB 45).

Fund Balance-Reservations and Designations

The School District has implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

1. Assigned Fund Balance Policy

The School District's Assigned Fund Balance is a fund balance reporting occurring by School Board Administration authority, under the direction of the Business Manager.

The Administration's accounting software utilizes encumbrance-based accounting. As of June 30, 2018 there was a cumulative \$195,175 in non-restricted encumbrances included in the general assigned fund balance. Additionally, \$3,688,414 has been appropriated for the ensuing years budget.

2. Order of Fund Balance Spending Policy

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

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as assigned fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Masurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations (Continued)

3. *Categories*

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.

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

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the School District Board.

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

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

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

4. *Unassigned Fund Balance*

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

5. *Restricted Fund Balance*

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations (Continued)

5. *Restricted Fund Balance (Continued)*

Reserved for Tax Certiorari

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

Reserve for Employee Benefit Accrued Liability

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

Reserve for Insurance Claims

The District is insured through a self insurance plan for workers' compensation and administrators disability (General Municipal Law §6-j). Additionally, the School District has provided for a reserve for unemployment insurance 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 reserves are funded annually through budgetary provisions in the General Fund and, in the opinion of management, are adequate to fund the eventual loss on claims arising prior to year end.

E. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education and approved by the voters within the School District.
- c. Appropriations are adopted at the program level.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Procedures and Budgetary Accounting (Continued)

1. Budget Policies (Continued)

- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations of \$353,055 occurred during the year.

2. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 for collection during the period from September 1 through October 31.

Enforcement

Uncollected real property taxes are subsequently enforced by the counties of Albany and Schenectady, in which the School District is located. An amount representing uncollected real property taxes transmitted to each county for enforcement is paid to the School District no later than the forthcoming April 1.

Interfund Transfers

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure 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, with the exception of those due from or to the fiduciary funds.

Deficit Fund Balances

The Capital Projects Fund includes a \$13,889,843 deficit. The deficit is anticipated to be eliminated in future (general fund) budgets and/or long-term borrowings.

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY (CONTINUED)

New Accounting Standards

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the year ended June 30, 2018: GASB has issued Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81, *Split Interest Agreements*, GASB Statement No. 85, *Omnibus*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

Future Changes in Accounting Standards

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

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

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 9, 2018, the date the financial statements were available to be issued. No such events or transactions were identified.

3. CASH AND INVESTMENTS

1. Cash

The District's aggregate bank balances are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. Total bank balances at June 30, 2018 were \$21,708,482. The bank balance is fully insured by the FDIC or FSLIC, or collateralized by securities held by a third party in the District's name.

2. Investment and Deposit Policy

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

3. CASH AND INVESTMENTS (CONTINUED)

3. Interest Rate Risk

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

4. Credit Risk

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

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

5. Custodial Credit Risk

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

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

6. Investments

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

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

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

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONTINUED)

6. Investments (Continued)

Level 2: Inputs to the valuation methodology include:

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

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

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

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

4. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund receivable and payable balances at June 30, 2018 are as follows:

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 580,000	\$ 1,410,781	\$ 959,693
Capital Projects	300,000	-	300,000	7
School Lunch	150,000	-	-	-
Special Aid Fund	130,000	-	659,693	1,410,774
Total	<u>\$ 580,000</u>	<u>\$ 580,000</u>	<u>\$ 2,370,474</u>	<u>\$ 2,370,474</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

5. CAPITAL ASSETS AND DEPRECIATION

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 1,992,456	\$ -	\$ -	\$ 1,992,456
Buildings	92,730,491	990	-	92,731,481
Machinery and Equipment	7,497,480	829,401	867,938	7,458,943
Vehicles	6,986,761	1,097,836	893,752	7,190,845
Construction in Progress	<u>12,144,446</u>	<u>6,305,145</u>	<u>-</u>	<u>18,449,591</u>
	<u>121,351,634</u>	<u>8,233,372</u>	<u>1,761,690</u>	<u>127,823,316</u>
Less Accumulated Depreciation:				
Buildings	62,554,589	2,605,078	-	65,159,667
Machinery and Equipment	5,871,140	446,539	865,778	5,451,901
Vehicles	<u>5,054,713</u>	<u>518,217</u>	<u>893,752</u>	<u>4,679,178</u>
	<u>73,480,442</u>	<u>\$ 3,569,834</u>	<u>\$ 1,759,530</u>	<u>75,290,746</u>
Net Capital Assets	<u>\$ 47,871,192</u>			<u>\$ 52,532,570</u>

GASB Statement No. 34 requires the School District to record capital assets in the financial statements, and to reflect depreciation on its capital assets. The School District's capitalization policy increases the capitalization threshold to \$500 for financial reporting purposes. Capital assets below this threshold are now recorded as an expense in the year acquired. Any construction in progress completed during the year has been reclassified to the appropriate capital asset category and reflected as a transfer.

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM

Teachers' Retirement System

Plan Description

As an employer, the District makes contributions to the New York State Teachers' Retirement System (the "System), a cost-sharing, multiple-employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395, or by referring to the System's website at www.nystrs.org.

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Teachers' Retirement System (Continued)

Funding Policy

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate applicable to member salaries and adopted annually by the Retirement Board. The actuarially determined contribution rate applicable to 2017-18 member salaries was 9.80%. Tier 3 and 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The District is required to contribute at an actuarially determined rate. The approximate required contributions and contribution percentage rates for the current year and two preceding years were as follows:

		<u>Contribution</u>		<u>Rate</u>
2018	\$	5,200,000		9.80%
2017	\$	5,600,000		11.72%
2016	\$	7,200,000		13.26%

Employees' Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds.

The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, NY 12244, or by referring to www.state.ny.us/retire/publications/index.php.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System (Continued)

Funding Policy

The System is noncontributory except for the employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The District is required to contribute at an actuarially determined rate. The required contributions and contribution percentage rates for the current year and two preceding years were as follows:

	<u>Contribution</u>	<u>Average Rate</u>
2018	\$ 1,073,253	14.91%
2017	\$ 1,657,027	15.52%
2016	\$ 1,969,125	19.79%

The School District's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

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

At June 30, 2018, the District reported an asset of \$2,112,390 (TRS) for its proportionate share of the net pension asset. At June 30, 2018, the District reported a liability of \$1,102,642 (ERS) for its proportionate share of the net pension liability. The net pension asset/liability (ERS) was measured as of March 31, 2018 and (TRS) June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018, the District's proportion was .28% for TRS and .03% for ERS.

For the year ended June 30, 2018, the District recognized pension expense of \$5,280,526 for TRS and \$1,578,179 for ERS.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System (Continued)

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

At June 30, 2018, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,737,978	\$ 393,277	\$ 2,131,255
Changes of Assumptions	21,493,976	731,143	22,225,119
Net difference between projected and actual earnings on pension plan investments	-	1,601,500	1,601,500
Changes in proportion and differences between employer contributions and proportionate share of contributions	81,821	729,706	811,527
District's contributions subsequent to the measurement date	<u>4,600,897</u>	<u>415,875</u>	<u>5,016,772</u>
	<u>\$ 27,914,672</u>	<u>\$ 3,871,501</u>	<u>\$ 31,786,173</u>

At June 30, 2018, the District reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 823,596	\$ 324,989	\$ 1,148,585
Net differences between projected and actual earnings on pension plan investments	4,975,289	3,161,201	8,136,490
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>342,558</u>	<u>75,820</u>	<u>418,378</u>
	<u>\$ 6,141,443</u>	<u>\$ 3,562,010</u>	<u>\$ 9,703,453</u>

The net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2018	\$ 5,475,329
June 30, 2019	6,137,558
June 30, 2020	4,412,073
June 30, 2021	309,165
June 30, 2022	3,737,687
Thereafter	<u>2,010,908</u>
	<u>\$ 22,082,720</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System (Continued)

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

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	\$ <u>46,445,788</u>	\$ <u>11,603,429</u>

TRS Actuarial Assumptions

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

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

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

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

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014.

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

ERS Actuarial Assumptions

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

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System (Continued)

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

ERS Actuarial Assumptions (Continued)

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

Interest rate	7.0%
Salary increase	3.8%
Inflation rate	2.5%

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

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period August 1, 2010 - March 31, 2015.

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

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

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	5.9%	4.55%
International equity	7.4%	6.35%
Real estate	4.3%	5.55%
Alternative investments	9.0%	.0%
Domestic fixed income securities	1.6%	.0%
Global fixed income securities	1.3%	.0%
Mortgages	2.8%	1.31%
High-yield fixed income securities	3.9%	.0%
Short-term	.6%	(.25%)
Private equity	.0%	7.50%
Absolute return	.0%	3.75%
Opportunistic portfolio	.0%	5.68%
Real assets	.0%	5.29%
Inflation-indexed bonds	.0%	1.25%

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System (Continued)

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

Discount Rate

The discount rate used to calculate the total pension liability was 7.25% for TRS and 7.0% ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.25% and 7.0%, as well as what the District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<u>TRS</u>			
Employer's proportionate Share of the net pension asset (liabilities)	\$ <u>(36,390,218)</u>	\$ <u>2,112,390</u>	\$ <u>34,356,412</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liabilities)	\$ <u>(8,342,887)</u>	\$ <u>(1,102,642)</u>	\$ <u>5,022,316</u>

Pension Plan Fiduciary Net Position

The components of the net pension asset (TRS) and liability (ERS) of the employer as of June 30, 2017 and March 31, 2018, respectively, were as follows (in thousands):

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

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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

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

Inactive employees or beneficiaries currently receiving benefit payments	525
Active employees	794
	<u>1,319</u>

B. Total OPEB Liability

The District's total OPEB liability of \$204,904,418 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

Inflation	2.20%
Salary Increases, Including Wage Inflation	10.47% - 3.20%
Discount Rate	3.87%
Healthcare Cost Trend Rates	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078.
Retirees' Share of Benefit-Related Costs	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078.

The discount rate was based on Bond Buyer General Obligation 20-year Municipal Bond Index.

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

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

7. POSTEMPLOYMENT BENEFITS

B. Total OPEB Liability (Continued)

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2017, as Restated	\$ 206,111,167
<u>Changes for the Year -</u>	
Service cost	5,622,419
Interest	7,310,155
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(10,305,558)
Benefit payments	<u>(3,833,765)</u>
Net Changes	<u>(1,206,749)</u>
Balance at June 30, 2018	<u>\$ 204,904,418</u>

Changes of benefit terms reflect

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

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

	<u>1% Decrease</u>	Discount Rate	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 250,809,790</u>	<u>\$ 204,904,418</u>	<u>\$177,434,215</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current healthcare care trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates (5.50% Decreasing to 3.84%)	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 174,960,881</u>	<u>\$ 204,904,418</u>	<u>\$ 254,725,903</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

7. POSTEMPLOYMENT BENEFITS

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$7,667,959. At June 30, 2018, the District reported deferred inflows of resources related to OPEB of \$8,874,708 relating to changes of assumptions or other inputs.

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

Year Ending June 30,	Amount
2019	\$ 1,430,850
2020	1,430,850
2021	1,430,850
2022	1,430,850
2023	1,430,850
Thereafter	<u>1,720,458</u>
	<u>\$ 8,874,708</u>

Restatement of Net Position

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of the Statement required the District to report Other Postemployment Benefits (OPEB) liabilities, OPEB expenses, deferred outflows of resources and deferred inflows of resources related to OPEB. As a result the net position at June 30, 2017 has been restated for a reduction of \$165,719,289 from \$28,556,760 originally reported to \$(137,162,529).

8. INDEBTEDNESS

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes are classified as part of the Capital Projects Fund. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Interest on short-term debt for the year was \$190,370.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

8. INDEBTEDNESS (CONTINUED)

2. Long-Term Debt

Serial Bonds and Installment Purchase Debt

The School District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the School District, are recorded in the General Long-Term Debt Account Group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt for the year was composed of:

Interest paid in Governmental Funds	\$ 738,607
Less: Interest accrued in the prior year	(14,341)
Plus: Interest accrued in the current year	<u>12,661</u>
Total expense in the statement of activities	<u>\$ 736,927</u>

3. Changes

The following is a summary of changes to the School District's indebtedness during the year ended June 30, 2018:

	<u>Balance, June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Other</u>	<u>Balance June 30, 2018</u>
Bonds	\$ 14,200,000	\$ -	\$ 2,475,000	\$ -	\$ 11,725,000
Bond Anticipation Notes	12,733,037	2,561,860	1,037,089	-	14,257,808
Postemployment Benefits	206,111,167	-	-	(1,206,749)	204,904,418
Net Pension Liability	6,035,955	-	-	(4,933,313)	1,102,642
Compensated Absences	1,504,655	-	-	213,278	1,717,933
	<u>\$ 240,584,814</u>	<u>\$ 2,561,860</u>	<u>\$ 3,512,089</u>	<u>\$ (5,926,784)</u>	<u>\$ 233,707,801</u>

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

4. Maturity

The following is a summary of maturities and interest rates of the School District's note indebtedness:

	<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2018</u>
District-Wide Reconstruction	Serial Bonds	06/15/09	06/15/23	3.125% - 4.0%	\$ 2,820,000
District-Wide Reconstruction	Serial Bonds	06/26/12	04/15/21	2% - 4%	5,585,000
District-Wide Renovation	Serial Bonds	06/10/14	06/15/29	2% - 5%	3,320,000
Bond Anticipation Note	BAN	07/13/17	07/13/18	2.25%	5,570,000
Bond Anticipation Note	BAN	8/17/17	08/17/18	2.25%	1,247,808
Bond Anticipation Note	BAN	01/19/18	01/18/20	2.25%	7,440,000
					<u>\$ 25,982,808</u>

8. INDEBTEDNESS (CONTINUED)

4. Maturity (Continued)

Debt service requirements over the next five years and thereafter for general obligation bonds are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,555,000	\$ 469,188
2020	2,650,000	365,888
2021	2,755,000	259,885
2022	860,000	147,088
2023	900,000	109,938
Thereafter	<u>2,005,000</u>	<u>245,487</u>
	<u>\$ 11,725,000</u>	<u>\$ 1,597,474</u>

9. OTHER

Contingencies and Commitments

Litigation

The District is a defendant in various legal actions which are pending litigation. Legal counsel has reviewed the contingent liability to the District for each of these various lawsuits. Legal counsel is of the opinion that the outcome of this litigation will not materially affect the financial position of the District.

Compensated Absences

The District does not accrue a liability for accumulating nonvesting sick leave since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, the value for accumulating, nonvesting sick leave is considered a contingent liability.

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

Defeased Bonds

In 2012, the District issued \$9,115,000 in general obligation bonds to advance refund \$9,085,000 (of which \$5,585,000 is still outstanding at June 30, 2018) of general obligation bonds. The net proceeds were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

9. OTHER (CONTINUED)

Contingencies and Commitments (Continued)

Other - Risk Financing and Related Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees and natural disasters. The School District insures through commercial insurance companies for the following:

Health Insurance
Life Insurance
Commercial Property

Settled claims have not exceeded this commercial coverage in any of the past three years.

Because of the prohibitive cost of certain insurance, the School District established self insurance reserves to account for and finance its uninsured risks of loss and associated expenses attributing to unemployment, disability and workers compensation claims and judgements. The School District is represented by third-party administrators who process claim payments. At June 30, 2018, the School District has paid substantially all incurred claims, including incurred but not reported claims, and has provided reserves for potential additional assessments as designations of the School District's general fund equity.

9. TAX ABATEMENT

The District enters into Payment in Lieu of Taxes ("PILOTS") agreements with some local businesses. PILOTS are often included as part of an Industrial Development Agency ("IDA") agreement with a commercial or industrial development for the purpose of attracting or retaining business within their jurisdictions. PILOT agreements normally provide for payments of amount lesser than would have been collected for real estate taxes for a number of years.

For the year ended June 30, 2018, the District recognized \$870,786 in PILOT revenue under PILOT agreements. Abated property taxes amounted to \$23,222 under this program.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE #1

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenue</u>	<u>(Over) Under Revised Budget</u>
Revenue				
Local Sources				
Real Property Taxes and Tax Items	\$ 72,358,240	\$ 70,218,576	\$ 70,064,670	\$ 153,906
Charges for Services	1,565,031	1,565,031	1,783,033	(218,002)
Use of Money and Property	159,100	159,100	313,702	(154,602)
Sale of Property and Compensation for Loss	2,050	2,050	36,442	(34,392)
Miscellaneous	285,000	304,849	543,365	(238,516)
State Aid				
Basic Formula	17,025,172	17,025,172	16,201,863	823,309
Lottery Aid	4,200,000	4,200,000	4,221,159	(21,159)
BOCES Aid	862,359	862,359	961,240	(98,881)
Textbooks	299,340	299,340	297,891	1,449
All Other Aid:				
Computer Software and Hardware Aid, Library Aid, Tuition and Transportation for Students with Disabilities, and Homeless Incarcerated Youth Aid	540,621	873,827	1,141,385	(267,558)
Federal Services	<u>140,000</u>	<u>140,000</u>	<u>162,183</u>	<u>(22,183)</u>
Total Revenue and Other Sources	97,436,913	95,650,304	<u>\$ 95,726,933</u>	<u>\$ (76,629)</u>
Appropriated Fund Balance	<u>2,020,336</u>	<u>5,132,851</u>		
Total Revenue and Appropriated Fund Balance	<u>\$ 99,457,249</u>	<u>\$ 100,783,155</u>		

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 SCHEDULE OF GENERAL FUND REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE #1 (CONTINUED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
Expenditures					
General Support					
Board of Education	\$ 59,693	\$ 66,103	\$ 54,055	\$ -	\$ 12,048
Central Administration	236,035	262,320	255,531	-	6,789
Finance	782,043	816,941	804,259	301	12,381
Staff	471,624	479,161	420,418	1,819	56,924
Central Services	6,088,843	6,282,732	5,597,774	26,078	658,880
Special Items	883,314	1,098,473	1,003,026	-	95,447
Instructional					
Administration and Improvement	2,984,978	3,025,571	2,973,963	12,766	38,842
Teaching - Regular School	33,779,372	34,148,105	33,584,109	56,981	507,015
Program for Children with Handicapping Conditions	11,925,178	12,282,670	12,194,208	-	88,462
Occupational Education	419,358	419,358	419,358	-	-
Teaching - Special Schools	178,362	529,714	492,936	-	36,778
Instructional Media	2,154,083	2,747,972	2,582,513	87,159	78,300
Pupil Services	3,430,885	3,489,779	3,203,199	9,741	276,839
Pupil Transportation	4,037,249	4,042,749	3,831,965	-	210,784
Community Services	491,031	503,563	487,069	330	16,164
Employee Benefits	26,519,912	25,572,655	24,275,892	-	1,296,763
Debt Service					
Debt Service Principal	3,512,089	3,512,089	3,512,089	-	-
Debt Service Interest	923,200	923,200	738,607	-	184,593
Total Expenditures	<u>98,877,249</u>	<u>100,203,155</u>	<u>96,430,971</u>	<u>195,175</u>	<u>3,577,009</u>
Other Uses					
Interfund Transfer	<u>580,000</u>	<u>580,000</u>	<u>580,000</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 99,457,249</u>	<u>\$ 100,783,155</u>	<u>97,010,971</u>	<u>\$ 195,175</u>	<u>\$ 3,577,009</u>
Deficiency of Revenue Over Expenditures			<u>\$ (1,284,037)</u>		

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
 FOR THE YEAR ENDED JUNE 30, 2018

Measurement date	June 30, 2018
Total OPEB liability:	
Service cost	\$ 5,622,419
Interest	7,310,155
Changes in benefit terms	(10,305,558)
Changes of assumptions or other inputs	(3,833,765)
Benefit payments	<u>(1,206,749)</u>
Net change in total OPEB liability	206,111,167
Total OPEB liability, beginning of year, as restated	<u>204,904,418</u>
Total OPEB liability, end of year	<u>\$ 54,881,820</u>
Covered payroll	<u>\$ 54,881,820</u>
Total OPEB liability as a percentage of covered payroll	<u>373.36%</u>

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

SHENENDEHOWA CENTRAL SCHOOL DISTRICT AT CLIFTON PARK, NEW YORK
SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018*

	SCHEDULE #3			
<u>TRS</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportionate share of net pension asset (liability)	\$ 2,112,390	\$ (2,916,304)	\$ 28,363,415	\$ 30,484,992
Covered payroll	\$ 46,445,788	\$ 44,742,882	\$ 42,658,297	\$ 41,410,521
Proportionate share of net pension asset (liability) as a percentage of covered payroll	4.5%	6.5%	66.5%	73.6%
Plan fiduciary net position as a percentage of total pension asset (liability)	100.66%	99.0%	110.5%	111.5%
<u>ERS</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Proportionate share of net pension liability	\$ (1,102,642)	\$ (3,119,651)	\$ (5,708,433)	\$ (1,258,397)
Covered payroll	\$ 11,603,429	\$ 10,888,417	\$ 10,496,685	\$ 11,105,861
Proportionate share of net pension liability as a percentage of covered payroll	9.5%	28.7%	54.4%	11.3%
Plan fiduciary net position as a percentage of total pension liability	98.0%	94.7%	90.6%	98.24%

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

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2018

SUPPLEMENTAL SCHEDULE #4

<u>TRS</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 5,161,433	\$ 5,571,397	\$ 7,190,636	\$ 6,569,084
Contributions in relation to the contractually required contribution	<u>5,161,433</u>	<u>5,571,397</u>	<u>7,190,636</u>	<u>6,569,084</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 46,445,788	\$ 44,742,882	\$ 42,658,297	\$ 41,411,521
Contributions as a percentage of covered-employee payroll	11.1%	12.5%	16.9%	5.9%
<u>ERS</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 1,703,253	\$ 1,657,027	\$ 1,916,083	\$ 2,120,334
Contributions in relation to the contractually required contribution	<u>1,703,253</u>	<u>1,657,027</u>	<u>1,916,083</u>	<u>2,120,334</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,603,429	\$ 10,888,417	\$ 10,496,685	\$ 11,105,801
Contributions as a percentage of covered-employee payroll	14.7%	15.2%	18.3%	19.1%

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

OTHER SUPPLEMENTARY INFORMATION

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE #5

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 99,457,249
Add: Prior Year's Encumbrances	972,851
Original Budget	100,430,100
Budget Revision:	
Incarcerated Youth Aid Revenue	333,206
Miscellaneous	19,849
Final Budget	<u>\$ 100,783,155</u>

Section 1318 of Real Property Tax Law Limit Calculation

2018-19 voter-approved expenditure budget	<u>\$ 102,196,466</u>
Maximum allowed (4% of 2018-19 budget)	<u>\$ 4,087,859</u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 3,883,589
Unassigned fund balance	4,072,838
Total unrestricted fund balance	<u>\$ 7,956,427</u>

Less:	
Appropriated fund balance	\$ 3,688,414
Encumbrances included in assigned fund balance	195,175
Total adjustments	<u>3,883,589</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u>\$ 4,072,838</u>
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Actual percentage	<u>4.00%</u>
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of fund balance subject to §1318 of the Real Property Tax Law is unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance and encumbrances included in committed and assigned fund balance.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY STATEMENT OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE #6

<u>Project Title</u>	<u>Expenditures to Date</u>				<u>Unexpended (Overexpended) Balance</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	
Bus Purchase 10/12/12 Vote	\$ 322,500	\$ 316,811	\$ 316,811	\$ -	\$ -
Bus Purchase 10/09/13 Vote	314,500	306,476	306,476	-	-
Bus Purchase 05/06/17 Vote	1,092,500	1,061,860	-	1,061,860	-
Veeder Emergency Project 0003-015	30,000	180,704	159,518	340	20,846
High School Renovations 0001-025	1,875,000	1,644,095	1,644,095	-	-
Sand Creek Renovations 0015-014	625,000	525,143	525,143	-	-
Sand Creek Renovations 0015-015	1,875,000	1,378,684	1,378,684	-	-
Roessleville Renovations 0017-011	950,000	787,951	787,951	-	-
District-Wide VOIP 7999-005	3,600,000	2,993,914	2,403,138	339,335	251,441
Roessleville Renovations 0017-012	1,450,000	2,131,487	958,958	1,053,999	118,530
High School Renovations 0001-027	6,497,700	6,931,452	3,331,983	3,378,907	220,562
Forest Park Renovations 0014-013	1,550,000	2,053,586	954,976	994,809	103,801
District Office Roof 1005-003	300,000	240,000	-	6,554	233,446
Smart Schools Bond Act	<u>2,051,700</u>	<u>2,051,700</u>	<u>-</u>	<u>531,201</u>	<u>1,520,499</u>
	<u>\$ 22,533,900</u>	<u>\$ 22,603,863</u>	<u>\$ 12,767,733</u>	<u>\$ 7,367,005</u>	<u>\$ 2,469,125</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE #7

Capital Assets, Net \$ 52,532,570

Deduct:

Short-term portion of bonds payable	\$ 2,555,000	
Long-term portion of bonds payable	9,170,000	
Short-term bond anticipation notes payable	<u>14,257,808</u>	<u>25,982,808</u>

Investment in Capital Assets, Net of Related Debt \$ 26,549,762

FEDERAL AWARD PROGRAM INFORMATION

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education
South Colonie Central School District
Albany, NY 12205

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 South Colonie Central School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 9, 2018

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

Board of Education
South Colonie Central School District
Albany, NY 12205

Report on Compliance for Each Major Federal Program

We have audited South Colonie Central School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

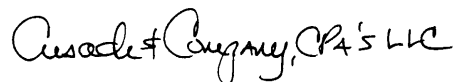
Report on Internal Control Over Compliance

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

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

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

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 9, 2018

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Passed Through New York State Education Department:			
Title II Part A Immigrant	84.365	0149-18-0030	24,730
Title II Part A	84.367	0147-18-0030	152,977
Title I	84.010	0021-18-0030	584,755
Title II Part A	84.367	0147-17-0030	9,948
Title III	84.365	0293-18-0030	20,711
Title I	84.010	0021-17-0030	72,290
Title III	84.365	0293-17-0030	4,178
McKinney - Vento Grant	84.196	0212-18-3026	<u>34,249</u>
Subtotal			<u>903,838</u>
<u>Special Education Cluster</u>			
IDEA Part B Section 611 PL 94-142	84.027	0032-18-0021	1,122,787
IDEA Pre-School Section 619 PL 99-457	84.173	0033-18-0021	<u>41,286</u>
Total Special Education Cluster			<u>1,164,073</u>
Total U.S. Department of Education Passed Through New York State Education Department			<u>2,067,911</u>
<u>U.S. Department of Homeland Security</u>			
Federal Emergency Management Agency	97.036	USOE01	<u>9,336</u>
<u>U.S. Department of Agriculture</u>			
Passed Through New York State Education Department:			
<u>Child Nutrition Cluster</u>			
School Breakfast Program			
Food Distribution	10.553	Not Applicable	148,936
	10.553-	Not Applicable	
School Lunch Program	10.555		105,107
	10.555	Not Applicable	<u>617,354</u>
Total U.S. Department of Agriculture Passed Through New York State Education Department			<u>871,397</u>
Total Federal Assistance			<u>\$ 2,948,644</u>

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

2. SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

South Colonie Central School District is a tax-exempt local government entity. All federal grant operations of the District are included in the scope of the Single Audit.

3. SUBRECIPIENTS/LOAN OR LOAN GUARANTEES

No amounts were provided to subrecipients and there were no loans or loan guarantees at year end.

4. FEDERAL REVENUE RECONCILIATION

Total Federal Revenue Per Fund Financial Statement

General Fund	\$ 171,519
Special Aid Fund	2,067,911
School Lunch Fund	<u>871,397</u>
	3,110,827
Less: General Fund Medicaid Revenue	<u>(162,183)</u>

Total Federal Revenue Per Schedule of Expenditures of Federal Awards \$ 2,948,644

5. INDIRECT COST RATE

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

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)
84.010

Name of Federal Program or Clusters
Title I, Part A

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II — FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Current Year Audit Findings:

None

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Prior Year Audit Findings:

None

EXTRACLASSROOM ACTIVITY FUND

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACKCPAS.COM
WWW.CUSACKCPAS.COM

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INDEPENDENT AUDITOR'S REPORT

Board of Education
South Colonie Central School District

We have audited the accompanying financial statements of South Colonie Central School District ("South Colonie Central School District's Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2018, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance of South Colonie Central School District's Extraclassroom Activity Fund as of June 30, 2018, and its cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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

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

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 9, 2018

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS AND FUND BALANCES
RESULTING FROM CASH TRANSACTIONS
JUNE 30, 2018

ASSETS

Cash - Checking Account - Colonie Central High School	\$ 82,790
Cash - Checking Account - Lisha Kill Middle School	49,554
Cash - Checking Account - Sand Creek Middle School	<u>23,690</u>
Total Assets	<u>\$ 156,034</u>
Fund Balances	<u>\$ 156,034</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Funds - COLONIE High Student Activity
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Extraclassroom Accounts	Balance June 30, 2017	Receipts 2017-2018	Disbursements 2017-2018	Balance June 30, 2018
Art Club	\$ 173	\$ -	\$ -	\$ 173
Band	1,369	350	500	1,219
Class of 2017	2,763	162	2,925	-
Class of 2018	9,272	35,179	36,003	8,448
Class of 2019	5,230	17,353	14,508	8,075
Class of 2020	850	2,234	982	2,102
Class of 2021	-	3,385	1,712	1,673
Key Club	1,896	4,666	4,811	1,751
Line and Cue	21,861	16,598	13,438	25,021
National Honor Society	3,585	1,012	772	3,825
NYS Sales Tax	23	802	695	130
Orchestra	645	4,231	4,195	681
Science Club	183	79	25	237
Ski Club	1,096	-	-	1,096
Student Advisory Committee	7,612	13,524	12,015	9,121
Student Senate	7,734	3,380	1,539	9,575
Rougeter	-	18,300	8,637	9,663
	<u>\$ 64,292</u>	<u>\$ 121,255</u>	<u>\$ 102,757</u>	<u>\$ 82,790</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS - LISHA KILL STUDENT ACTIVITY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Extraclassroom Accounts	Balance June 30, 2017	Receipts 2017-2018	Disbursements 2017-2018	Balance June 30, 2018
Drama Club	\$ 14,252	\$ 15,424	\$ 11,470	\$ 18,206
School Store	3,603	1,270	1,258	3,615
Student Council	19,501	66,309	62,038	23,772
Yearbook	<u>2,856</u>	<u>2,651</u>	<u>1,546</u>	<u>3,961</u>
	<u>\$ 40,212</u>	<u>\$ 85,654</u>	<u>\$ 76,312</u>	<u>\$ 49,554</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS - SAND CREEK STUDENT ACTIVITY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Extraclassroom Accounts	Balance June 30, 2017	Receipts 2017-2018	Disbursements 2017-2018	Balance June 30, 2018
Drama Club	\$ 14,377	\$ 35,338	\$ 43,572	\$ 6,143
Engineering Club	216	-	-	216
Greenhouse Club	1,248	3,177	1,845	2,580
NYS Sales Tax	-	639	537	102
Student Council	15,719	73,786	77,281	12,224
Yearbook	<u>2,007</u>	<u>3,381</u>	<u>2,963</u>	<u>2,425</u>
	<u>\$ 33,567</u>	<u>\$ 116,321</u>	<u>\$ 126,198</u>	<u>\$ 23,690</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the South Colonie Central School District. Consequently, such transactions are included in the Agency Funds of the School District.

The books and records of the South Colonie Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures recognized when cash is disbursed.

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
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October 9, 2018

To the Audit Committee
South Colonie Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Colonie Central School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by South Colonie Central School District's are described in Note 1 to the financial statements. As discussed in Note 2 to the financial statements, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Aside from this adoption of this new accounting policy, the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

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

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, and other schedules on pages 1-13 and 50-54, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information on pages 55-57, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

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

CUSACK & COMPANY CPA'S, LLC