

**TIOGA  
CENTRAL SCHOOL DISTRICT**

**Tioga Center, New York**

**FINANCIAL REPORT**

**June 30, 2018**



**insero&co**

Certified Public Accountants | Business Advisors

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# ***TIOGA CENTRAL SCHOOL DISTRICT***

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Tioga Central School District  
Tioga Center, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tioga Central School District (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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 of material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

During the year ended June 30, 2018, the School District adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Our opinion is not modified with respect to this matter.

### ***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, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans, the Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability, and related notes on pages 4-4j and 50-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, and Net Investment in Capital Assets (supplementary information) on pages 59-61 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018 on our consideration of the School District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District’s internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 14, 2018

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

The following is a discussion and analysis of the Tioga Central School District's (the School District) financial performance for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

- During the year ended June 30, 2018, the School District adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As a result, beginning net position was reduced by \$(32,655,241). GASB Statement No. 75 requires the School District to record its total OPEB liability of \$56,316,757, as well as deferred outflows and deferred inflows related to the OPEB plan.
- The School District ended the year with a total net (deficit) of \$(44,080,519), a decrease of \$(123,822) from the prior year as restated for the GASB Statement No. 75 implementation. The year-end net position was composed of \$2,988,046 in restricted, \$9,965,134 in net investment in capital assets, and \$(57,033,699) in unrestricted net (deficit). The unrestricted net (deficit) increased \$(1,224,985) compared to the prior year, primarily because of the change in the OPEB liability of \$1,022,921.
- Expenses exceeded revenues by \$(123,822) in 2018, compared to expenses exceeding revenues by \$(1,570,044) in 2017.
- The School District had \$14,658,996 in outstanding debt at year end, a decrease of \$(2,033,981) from the prior year primarily due to principal payments on outstanding long term debt.
- Capital asset additions during 2018 amounted to \$1,689,169 for the purchase of buses, vehicles, equipment, and construction in progress expenditures. Depreciation expense was \$1,398,571 for the current year. Net book value of disposed assets was \$1,750,653 and was primarily related to sale of Nichols Elementary school building.
- The General Fund budgeted expenditures, including carry-over encumbrances, and other financing uses, were underspent by \$721,460 with a General Fund excess of revenues and other financing sources over expenditures and other financing uses of \$1,177,082. General Fund revenues and other financing sources exceeded budgeted amounts by \$840,435.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

- Total General Fund balance, including reserves, was \$4,372,142 at June 30, 2018. Unassigned fund balance amounted to \$749,424 which was subject to and below the maximum limit (4% of 2018-2019 appropriations) permitted under New York State Real Property Tax Law.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year, a Schedule of Changes in the School District's total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits and Schedules of School District Contributions and Proportionate Share of Net Pension (Asset) Liability.

#### **District-wide Financial Statements**

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

The two District-wide financial statements report the School District's net position and how it has changed. Net Position - the difference between the School District's assets and deferred outflows of resources, and the School District's liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

### **Governmental Fund Financial Statements**

The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's 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 Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Fund financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The School District's combined net position for the fiscal year ended June 30, 2018 decreased by \$(123,822). Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

# TIOGA CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>Restated - 2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<i>Current assets</i>	\$ 4,151,689	\$ 3,051,328	\$ (1,100,361)
<i>Noncurrent assets</i>	1,661,492	3,066,427	1,404,935
<i>Capital assets, net</i>	25,191,148	23,731,093	(1,460,055)
<b><i>Total Assets</i></b>	<b>\$ 31,004,329</b>	<b>\$ 29,848,848</b>	<b>\$ (1,155,481)</b>
<i>Deferred charges on defeased debt</i>	993,787	893,037	(100,750)
<i>Other postemployment benefits</i>	1,271,079	1,366,889	95,810
<i>Pensions</i>	3,772,065	3,809,455	37,390
<b><i>Total Deferred Outflows of Resources</i></b>	<b>\$ 6,036,931</b>	<b>\$ 6,069,381</b>	<b>\$ 32,450</b>
<i>Current liabilities</i>	3,745,422	3,293,002	(452,420)
<i>Noncurrent liabilities</i>	77,031,282	69,112,472	(7,918,810)
<b><i>Total Liabilities</i></b>	<b>\$ 80,776,704</b>	<b>\$ 72,405,474</b>	<b>\$ (8,371,230)</b>
<i>Other postemployment benefits</i>	-	6,328,107	6,328,107
<i>Pensions</i>	221,253	1,265,167	1,043,914
<b><i>Total Deferred Inflows of Resources</i></b>	<b>\$ 221,253</b>	<b>\$ 7,593,274</b>	<b>\$ 6,328,107</b>
<i>Net investment in capital assets</i>	9,564,477	9,965,134	400,657
<i>Restricted</i>	2,287,540	2,988,046	700,506
<i>Unrestricted</i>	(55,808,714)	(57,033,699)	(1,224,985)
<b><i>Total Net Position (Deficit)</i></b>	<b>\$ (43,956,697)</b>	<b>\$ (44,080,519)</b>	<b>\$ (123,822)</b>

The decrease in current assets and part of the increase in noncurrent assets are primarily the result of increased noncurrent portions of restricted cash for debt service and general fund reserves. The decrease in capital assets, net, stems from depreciation expense and net book value of disposed assets exceeding capital outlay. Also, the increase in noncurrent assets, and deferred inflows and outflows of resources - pensions, is also related to changes in the actuarially determined proportionate share of the pension systems plans net pension (asset) liability and related deferred outflows and inflows of resources. Deferred outflows - deferred charges on defeased debt decreased based on the regular amortization of deferred charges.

Current liabilities decreased primarily due to decreases in accounts payable. Changes in noncurrent liabilities, deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB are primarily due to current year implementation and recognition of GASB Statement No. 75 and changes from the prior year as restated, based on an actuarial valuation of the School District's OPEB plan, as well as decreases in the net pension liabilities and regular principal payments on long-term debt.

Net investment in capital assets increased due to capital outlay and debt principal payments in excess of debt proceeds, net book value of disposed assets, and depreciation expense for the current year. Restricted resources increased primarily due to increases in capital and retirement contribution reserves.

# **TIOGA CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

Unrestricted net position (deficit) declined primarily due to the change in GASB Statement No. 75 OPEB liability and related items of \$1,022,921 in 2018, and results of operations partially offset by debt and capital asset activity. Our analysis in *Figure 2* considers the operations of the School District's activities.

*Figure 2*

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for services</i>	\$ 228,533	\$ 218,695	\$ (9,838)
<i>Operating grants and contributions</i>	1,251,797	1,424,950	173,153
<i>Capital grants</i>	57,413	-	(57,413)
<i>General Revenues:</i>			
<i>Real property taxes</i>	3,255,522	3,262,637	7,115
<i>Real property tax items</i>	558,465	561,295	2,830
<i>State sources</i>	13,565,186	13,960,224	395,038
<i>Use of money and property</i>	64,599	46,594	(18,005)
<i>Other general revenues</i>	897,753	(715,383)	(1,613,136)
<b>Total Revenues</b>	<b>19,879,268</b>	<b>18,759,012</b>	<b>(1,120,256)</b>
<b>PROGRAM EXPENSES</b>			
<i>General support</i>	\$ 2,785,940	\$ 2,625,867	\$ (160,073)
<i>Instruction</i>	15,588,494	13,542,254	(2,046,240)
<i>Pupil transportation</i>	1,594,815	1,421,017	(173,798)
<i>Community service</i>	56,498	53,623	(2,875)
<i>School lunch program</i>	721,667	597,416	(124,251)
<i>Interest on debt</i>	701,898	642,657	(59,241)
<b>Total Expenses</b>	<b>21,449,312</b>	<b>18,882,834</b>	<b>(2,566,478)</b>
<b>(DECREASE) IN NET POSITION</b>	<b>\$ (1,570,044)</b>	<b>\$ (123,822)</b>	<b>\$ 1,446,222</b>

Total revenues for the School District's Governmental Activities decreased by \$(1,120,256), or (5.6)% and total expenses decreased by \$(2,566,478), or (12.0)%. The decrease in revenue compared to the prior year was primarily a result of the net book value of the disposed former Nichols Elementary School Building; partially offset by increases in basic state aid, FEMA and Child Nutrition Grant funds received in the current year, and other revenues based on a large surplus payment received from the BTM Health Consortium.

The decrease in total expenses is primarily due to decreased OPEB and pension expense, and employee benefits expenses which were allocated across the functions, partially offset by increased payments to BOCES, salary expense increases, and additional expenses for state and federal programs.

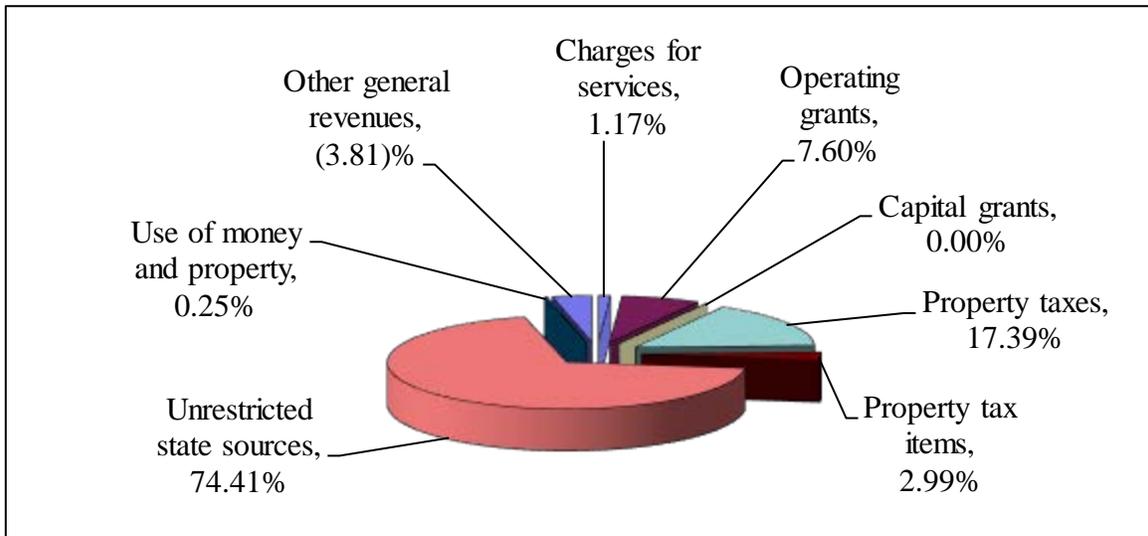
# TIOGA CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Figures 3 and 4 show the sources of revenue for 2018 and 2017.

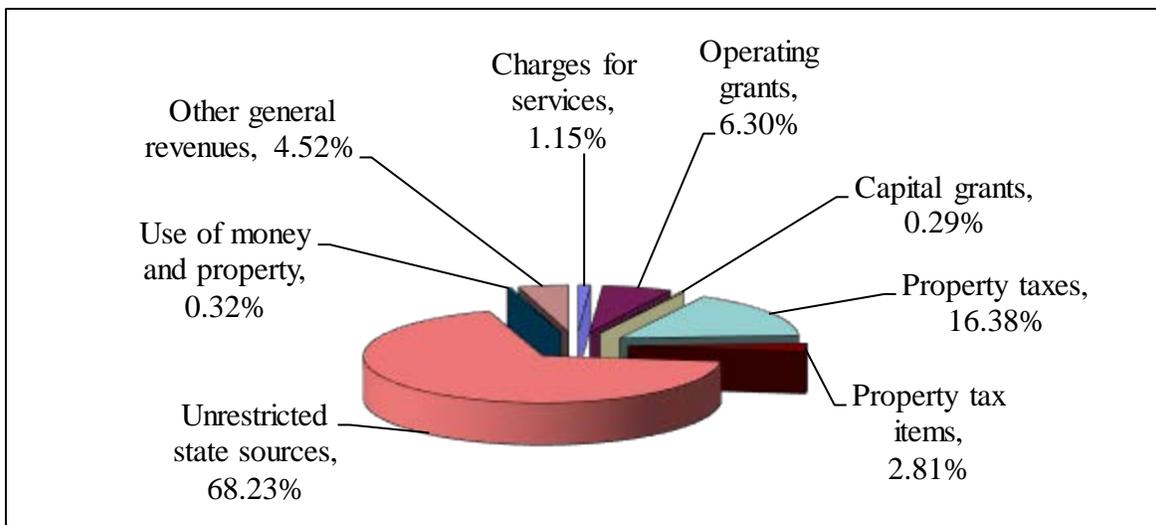
*Figure 3*

*Sources of Revenue for 2018*



*Figure 4*

*Sources of Revenue for 2017*



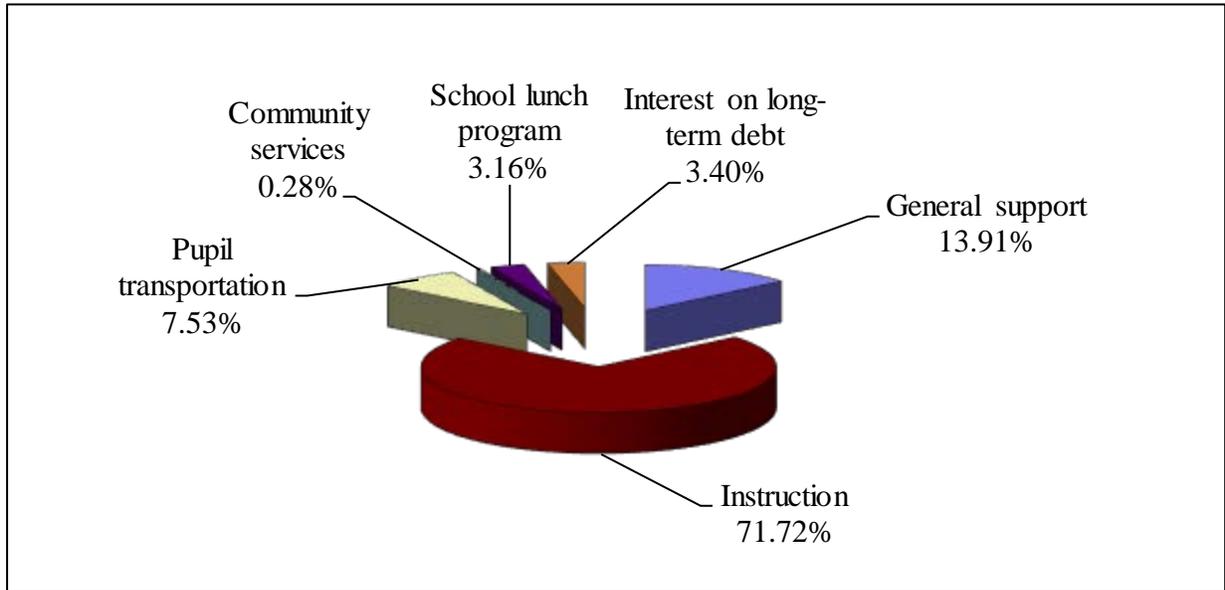
# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

Figures 5 and 6 present the cost of each of the School District's programs for 2018 and 2017.

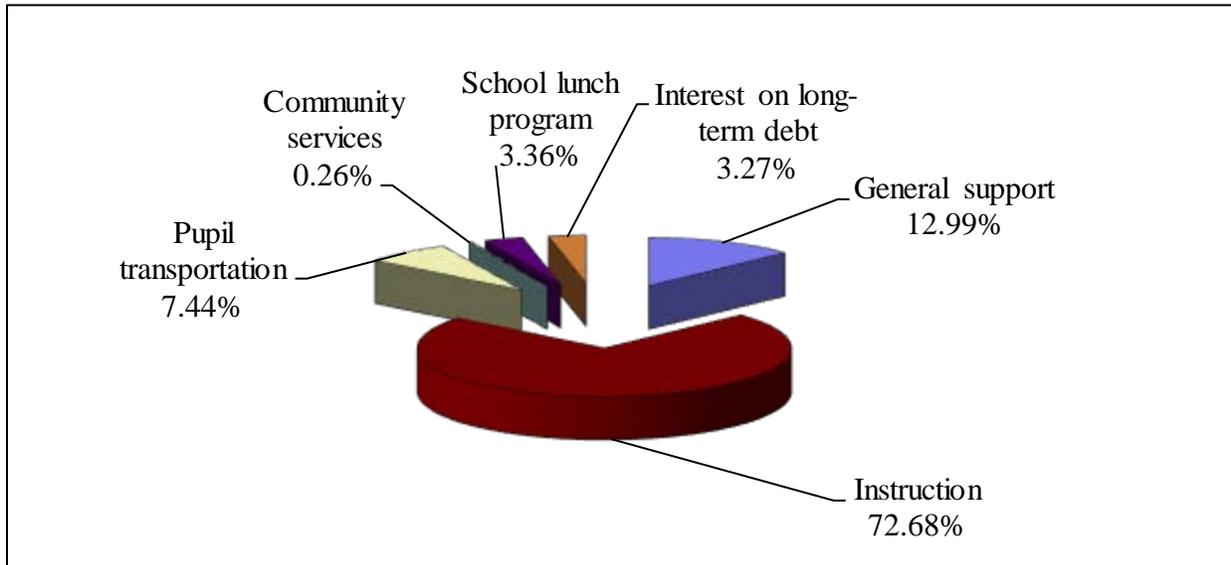
***Figure 5***

***Cost of Programs for 2018***



***Figure 6***

***Cost of Programs for 2017***



# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

*Figure 7* shows the change in fund balances for the year for the School District's funds. The General Fund reported an unassigned fund balance of \$749,424 which is below 4% of next year's budget, the maximum allowed by New York State. The General Fund increase is mainly the result of an increase in revenue from the prior year as well as a reduction in amounts transferred to other funds. Capital Projects Fund decreased as a result of fewer transfers from the General Fund to fund capital projects. School Lunch Fund increased because revenues exceeded expenditures in the Child Nutrition Program for the current year. Debt Service Fund increased primarily as a result of proceeds from the sale of the Nichols Elementary building.

*Figure 7*

<b><i>Governmental Fund Balances</i></b>	<b><i>2017</i></b>	<b><i>2018</i></b>	<b><i>Total Dollar Change 2017-2018</i></b>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 3,195,060	\$ 4,372,142	\$ 1,177,082
<i>School Lunch Fund</i>	100,734	191,916	91,182
<i>Debt Service Fund</i>	412,984	666,786	253,802
<i>Capital Project Renovation Fund</i>	619,783	(364,263)	(984,046)
<b><i>Total Governmental Funds</i></b>	<b>\$ 4,328,561</b>	<b>\$ 4,866,581</b>	<b>\$ 538,020</b>

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the Board reviews the transfers. Typically these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget was increased to reflect prior year encumbrances.

The School District received \$840,435 more in General Fund revenues and other financing sources than was budgeted, primarily due to higher than expected refunds from BTD health consortium. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$721,460. This is primarily due to lower than expected costs related to general support, instructional programs, pupil transportation, and employee benefit expenditures.

# TIOGA CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

*Figure 8*

<i>Condensed Budgetary Comparison General Fund - 2018</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<b>REVENUES</b>				
<i>Real property taxes</i>	\$ 3,802,209	\$ 3,802,209	\$ 3,262,637	\$ (539,572)
<i>Other tax items</i>	11,400	11,400	561,295	549,895
<i>State sources</i>	14,014,515	14,014,515	14,053,909	39,394
<i>Other, including financing sources</i>	182,740	182,740	973,458	790,718
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 18,010,864</b>	<b>\$ 18,010,864</b>	<b>\$ 18,851,299</b>	<b>\$ 840,435</b>
<b>Appropriated Fund Balances</b>	<b>732,777</b>	<b>732,777</b>		
<b>EXPENDITURES</b>				
<i>General support</i>	\$ 2,419,154	2,301,373	\$ 2,104,872	196,501
<i>Instruction</i>	7,589,901	7,773,767	7,551,555	222,212
<i>Pupil transportation</i>	869,970	859,971	733,587	126,384
<i>Community service</i>	20,180	31,030	19,820	11,210
<i>Employee benefits</i>	4,897,126	4,828,072	4,673,527	154,545
<i>Debt service</i>	310,052	312,170	312,170	-
<i>Other financing uses</i>	2,637,258	2,637,258	2,626,650	10,608
<b>Total Expenditures and Other Financing (Uses)</b>	<b>\$ 18,743,641</b>	<b>\$ 18,743,641</b>	<b>\$ 18,022,181</b>	<b>\$ 721,460</b>

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of June 30, 2018, the School District had invested in a broad range of capital assets. Net capital assets decreased \$(1,460,055), primarily due to depreciation expense and net book value of disposed assets exceeding capital outlay. Capital assets, net of accumulated depreciation of \$21,541,431, were \$23,731,093 at year end. Depreciation expense amounted to \$1,398,571 for the current year.

*Figure 9*

<i>Changes in Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2017 - 2018</i>
	<i>2017</i>	<i>2018</i>	
<i>Land</i>	\$ 292,759	\$ 292,759	\$ -
<i>Construction in progress</i>	1,194,926	2,252,451	1,057,525
<i>Buildings, net</i>	19,931,407	17,603,296	(2,328,111)
<i>Improvements, net</i>	1,391,072	1,172,083	(218,989)
<i>Equipment, net</i>	2,380,984	2,410,504	29,520
<b>Total</b>	<b>\$ 25,191,148</b>	<b>\$ 23,731,093</b>	<b>\$ (1,460,055)</b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

**Capital asset activity for the year ended June 30, 2018 included the following:**

Construction in progress	\$	1,057,525
Building improvements		17,212
Buses		261,627
Equipment		352,805
Total additions		1,689,169
Less net book value of disposed assets		(1,750,653)
Less depreciation expense		(1,398,571)
<b>Net Decrease in Capital Assets</b>	<b>\$</b>	<b>(1,460,055)</b>

### **Debt Administration**

Long-term debt considered a liability of Governmental Activities, decreased by \$(2,033,981) in 2018, as shown in *Figure 10*. The decrease is related to the regular principal payments on long term debt in accordance with bond amortization schedules. Total indebtedness represented 41.9% of the constitutional debt limit, exclusive of building aid estimates.

*Figure 10*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<i>Serial bonds</i>	\$ 14,835,000	\$ 12,965,000	\$ (1,870,000)
<i>Statutory installment bonds</i>	543,277	515,454	(27,823)
<i>Premium on obligations</i>	1,314,700	1,178,542	(136,158)
<i>Total</i>	\$ 16,692,977	\$ 14,658,996	\$ (2,033,981)

Moody's Rating Committee assigned an A1 rating on the Tioga Central School District New York State Section 99-B Intercept School District Credit Enhancement Program General Obligation Bonds. In addition, an A2 underlying rating was assigned on Tioga Central School District General Obligation Bonds. This has been a solid rating for the past several years. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018**

### **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

- The School District does not currently have, nor anticipate, financial obligations due to litigation.
- The School District could be impacted by increased enrollment due to the expansion at Tioga Downs. Potentially, families could move to the area to pursue industry-related employment opportunities. Available housing in the School District will limit this impact. A recent enrollment study completed for the School District indicates enrollment will trend down for the next decade. This is due to housing not being available for young families.
- While the economic health of the local communities is projected to remain at current levels for the foreseeable future, it is not clear what the expansion of Tioga Downs may have on the school, community, and local economy.
- New industries in our neighboring district have provided additional employment opportunities within the Southern Tier that may positively impact future enrollment as well as the economic outlook within Tioga County.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Tioga Central 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 for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Tioga Central School District, Fifth Avenue, Tioga Center, NY.

# TIOGA CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2018

### ASSETS

#### Current Assets

Cash and cash equivalents - Unrestricted	\$ 1,549,672
Cash and cash equivalents - Restricted	141,113
Due from state and federal governments	630,971
Due from other governments	229,780
Due from fiduciary funds	1
Other receivables, net	2,509
Inventories	16,390
Prepaid expenses	480,892
<b>Total Current Assets</b>	<b>3,051,328</b>

#### Noncurrent Assets

Restricted cash	2,816,055
Net pension asset - Proportionate share	250,372
Capital assets, net:	
Land and construction in progress, nondepreciable	2,545,210
Depreciable capital assets, net	21,185,883
<b>Total Noncurrent Assets</b>	<b>26,797,520</b>
<b>Total Assets</b>	<b>29,848,848</b>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - Pensions	3,809,455
Deferred outflows of resources - OPEB	1,366,889
Deferred charges on defeased debt	893,037
<b>Total Deferred Outflows of Financial Resources</b>	<b>6,069,381</b>

### LIABILITIES

#### Current Liabilities

Accounts payable	109,222
Accrued liabilities	30,298
Due to other governments	336
Bond interest and matured bonds	23,171
Unearned revenues - Other	13,300
Due to Teachers' Retirement System	586,057
Due to Employees' Retirement System	55,701
<b>Current portion of long-term obligations</b>	
Bonds payable	2,272,564
Compensated absences	202,353
<b>Total Current Liabilities</b>	<b>3,293,002</b>

#### Noncurrent Liabilities

Bonds payable	12,386,432
Compensated absences	236,961
Other postemployment benefits liability	56,316,757
Net pension liability - Proportionate share	172,322
<b>Total Noncurrent Liabilities</b>	<b>69,112,472</b>
<b>Total Liabilities</b>	<b>72,405,474</b>

### DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - Pensions	1,265,167
Deferred inflows of resources - OPEB	6,328,107
<b>Total Deferred Inflows</b>	<b>7,593,274</b>

### NET POSITION

Net investment in capital assets	9,965,134
Restricted	2,988,046
Unrestricted net (deficit)	(57,033,699)
<b>Total Net (Deficit)</b>	<b>\$ (44,080,519)</b>

*See Independent Auditor's Report and Notes to Basic Financial Statements*

# TIOGA CENTRAL SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES JUNE 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General support	\$ 2,625,867	\$	\$	\$	\$ (2,625,867)
Instruction	13,542,254	62,885	915,091		(12,564,278)
Pupil transportation	1,421,017				(1,421,017)
Community services	53,623	7,785			(45,838)
School lunch program	597,416	148,025	509,859		60,468
Interest on debt	642,657				(642,657)
<b>Total Functions and Programs</b>	<b>\$ 18,882,834</b>	<b>\$ 218,695</b>	<b>\$ 1,424,950</b>	<b>\$ -</b>	<b>(17,239,189)</b>

### GENERAL REVENUES

Real property taxes	3,262,637
Real property tax items	561,295
Use of money and property	46,594
State sources	13,960,224
Sale of property and compensation for loss	(947,380)
Miscellaneous	231,997

### Total General Revenues

17,115,367

Change in Net Position

(123,822)

Total Net (Deficit) - Beginning of Year as Restated

(43,956,697)

**Total Net (Deficit) - End of Year**

**\$ (44,080,519)**

*See Independent Auditor's Report and Notes to Basic Financial Statements*

# TIOGA CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2018

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
<b>ASSETS</b>			
Cash and cash equivalents - Unrestricted	\$ 1,357,155	\$ 26,082	\$ 713
Cash and cash equivalents - Restricted	2,149,269		141,113
Due from other funds	1,052,734	8,633	5,000
Due from state and federal governments	129,288	464,019	29,413
Due from other governments	229,780		
Due from fiduciary funds	1		
Other receivables, net	2,509		
Inventories			16,390
Prepaid expenses	480,892		
<b>Total Assets</b>	<b>\$ 5,401,628</b>	<b>\$ 498,734</b>	<b>\$ 192,629</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 109,222	\$	\$
Accrued liabilities	29,471	450	377
Due to other funds	39,897	488,234	
Due to other governments			336
Bond interest and matured bonds payable	3,535		
Unearned revenues	3,250	10,050	
Due to Teachers' Retirement System	586,057		
Due to Employees' Retirement System	55,701		
Compensated absences	202,353		
<b>Total Liabilities</b>	<b>1,029,486</b>	<b>498,734</b>	<b>713</b>
<b>FUND BALANCES</b>			
Nonspendable	480,892		16,390
Restricted	2,145,734		175,526
Assigned	996,092		
Unassigned	749,424		
<b>Total Fund Balances</b>	<b>4,372,142</b>	<b>-</b>	<b>191,916</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,401,628</b>	<b>\$ 498,734</b>	<b>\$ 192,629</b>

*See Independent Auditor's Report and Notes to Basic Financial Statements*

<b>Major Funds</b>			
<b>Debt Service Fund</b>	<b>Capital Project Renovation Fund</b>	<b>Capital Project Bus Fund</b>	<b>Total Governmental Funds</b>
\$	\$ 165,722	\$	\$ 1,549,672
666,785	1		2,957,168
1	26,264		1,092,632
	8,251		630,971
			229,780
			1
			2,509
			16,390
			480,892
<b>\$ 666,786</b>	<b>\$ 200,238</b>	<b>\$ -</b>	<b>\$ 6,960,015</b>
\$	\$	\$	\$ 109,222
			30,298
	564,501		1,092,632
			336
			3,535
			13,300
			586,057
			55,701
			202,353
-	564,501	-	2,093,434
			497,282
666,786			2,988,046
			996,092
	(364,263)		385,161
666,786	(364,263)	-	4,866,581
<b>\$ 666,786</b>	<b>\$ 200,238</b>	<b>\$ -</b>	<b>\$ 6,960,015</b>

# TIOGA CENTRAL SCHOOL DISTRICT

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

**Fund Balances - Total Governmental Funds** **\$ 4,866,581**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total historical cost	\$ 45,272,524	
Less accumulated depreciation	<u>(21,541,431)</u>	23,731,093

The School District's proportion of the collective net pension asset or liability is not reported in the funds.

TRS net pension asset - Proportionate share	\$ 250,372	
ERS net pension liability - Proportionate share	<u>(172,322)</u>	78,050

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including unavailable revenue, OPEB, and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred charges on defeased debt	\$ 893,037	
Deferred outflows - OPEB	1,366,889	
Deferred inflows - OPEB	(6,328,107)	
ERS deferred outflows - Pension	515,372	
ERS deferred inflows - Pension	(560,267)	
TRS deferred outflows - Pension	3,294,083	
TRS deferred inflows - Pension	<u>(704,900)</u>	(1,523,893)

Long-term liabilities, including bonds payable and bond premium, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (13,480,454)	
Bond premium	<u>(1,178,542)</u>	(14,658,996)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued interest on long-term debt	\$ (19,636)	
Compensated absences	(236,961)	
Other postemployment benefits liability	<u>(56,316,757)</u>	<u>(56,573,354)</u>

**Net (Deficit) of Governmental Activities** **\$ (44,080,519)**

*See Independent Auditor's Report and Notes to Basic Financial Statements*

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>
<b>REVENUES</b>			
Real property taxes	\$ 3,262,637	\$	\$
Real property tax items	561,295		
Charges for services	28,039		
Use of money and property	46,156		28
Sale of property and compensation for loss	553,273		
Miscellaneous	231,997	23,337	14,023
State sources	14,053,909	181,904	16,079
Medicaid reimbursement	42,631		
Federal sources	71,362	544,803	479,757
Sales - School lunch			148,025
<b>Total Revenues</b>	<b>18,851,299</b>	<b>750,044</b>	<b>657,912</b>
<b>EXPENDITURES</b>			
General support	2,011,113		
Instruction	7,298,574	634,335	273,938
Pupil transportation	732,454		
Community services	19,729	10,600	
Employee benefits	4,673,527	71,710	66,758
Debt service:			
Principal	289,450		
Interest	22,720		
Cost of sales			267,858
Capital outlay			
<b>Total Expenditures</b>	<b>15,047,567</b>	<b>716,645</b>	<b>608,554</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>3,803,732</b>	<b>33,399</b>	<b>49,358</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Proceeds of obligations			
Operating transfers in		3,425	41,824
Operating transfers (out)	(2,626,650)	(36,824)	
<b>Total Other (Uses) Sources</b>	<b>(2,626,650)</b>	<b>(33,399)</b>	<b>41,824</b>
Net Change in Fund Balances	1,177,082	-	91,182
Fund Balances - Beginning of Year	3,195,060	-	100,734
<b>Fund Balances - End of Year</b>	<b>\$ 4,372,142</b>	<b>\$ -</b>	<b>\$ 191,916</b>

*See Independent Auditor's Report and Notes to Basic Financial Statements*

<b>Major Funds</b>			
<b>Debt Service Fund</b>	<b>Capital Project Renovation Fund</b>	<b>Capital Project Bus Fund</b>	<b>Total Governmental Funds</b>
\$ _____	\$ _____	\$ _____	\$ 3,262,637
			561,295
			28,039
410			46,594
250,000			803,273
			269,357
			14,251,892
			42,631
			1,095,922
			148,025
250,410	-	-	20,509,665
			2,011,113
			8,206,847
			732,454
			30,329
			4,811,995
1,870,000			2,159,450
653,258			675,978
			267,858
	1,075,621	261,627	1,337,248
2,523,258	1,075,621	261,627	20,233,272
(2,272,848)	(1,075,621)	(261,627)	276,393
		261,627	261,627
2,526,650	91,575		2,663,474
			(2,663,474)
2,526,650	91,575	261,627	261,627
253,802	(984,046)	-	538,020
412,984	619,783	-	4,328,561
<b>\$ 666,786</b>	<b>\$ (364,263)</b>	<b>\$ -</b>	<b>\$ 4,866,581</b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 538,020**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and disposals exceeded capital outlay.

Capital additions	\$ 1,689,169	
Net book value of disposed assets	(1,750,653)	
Depreciation expense	<u>(1,398,571)</u>	(1,460,055)

Long-term debt proceeds, and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums, increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of debt	\$ (261,627)	
Principal payments on bonds	<u>2,159,450</u>	1,897,823

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not effect current financial resources and are, also, not reported in the Governmental Funds.

Other postemployment benefits liability	\$ (1,022,921)	
Compensated absences	<u>(27,652)</u>	(1,050,573)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These include the change in accrued interest, amortization of bond premiums, and deferred amounts from refunding bonds.

Amortization of premiums on obligations	\$ 136,158	
Deferred amounts from refunding bonds	(100,750)	
Change in accrued interest	<u>(2,087)</u>	33,321

Changes in the School District's proportionate share of net pension assets and liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not effect current financial resources and are, also, not reported in the Governmental Funds.

TRS	\$ (85,937)	
ERS	<u>3,579</u>	<u>(82,358)</u>

**Net Change in Net (Deficit) of Governmental Activities** **\$ (123,822)**

*See Independent Auditor's Report and Notes to Basic Financial Statements*

# TIOGA CENTRAL SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2018

	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents - Unrestricted	\$	\$ 79,463
Cash and cash equivalents - Restricted	116,956	
Investments - Restricted	111,509	
<b>Total Assets</b>	<b>228,465</b>	<b>\$ 79,463</b>
<b>LIABILITIES</b>		
Due to governmental funds		\$ 1
Extraclassroom activity balances		69,752
Other liabilities		9,710
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 79,463</b>
<b>NET POSITION</b>		
Restricted for scholarships	\$	<b>228,465</b>

*See Independent Auditor's Report and Notes to Basic Financial Statements*

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 25,414
Investment earnings	490
<b>Total Additions</b>	<u>25,904</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>34,769</u>
<b>Total Deductions</b>	<u>34,769</u>
Change in Net Position	(8,865)
Net Position - Beginning of Year	<u>237,330</u>
<b>Net Position - End of Year</b>	<u><u>\$ 228,465</u></u>

*See Independent Auditor's Report and Notes to Basic Financial Statements*

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies**

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

#### **Reporting Entity**

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities 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 reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus."

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

The Extraclassroom Activity Funds of the 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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at Fifth Avenue, Tioga Center, NY. The School District accounts for assets held as an agent for various student organizations in an agency fund.

#### **Joint Venture**

The Tioga Central School District is one of 15 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

Separate financial statement of Broome Tioga BOCES may be obtained by contacting the Business Office, Broome Tioga BOCES, 435 Glenwood Road, Binghamton, NY 13905-1699.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Basis of Presentation - District-wide Financial Statements**

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

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

#### **Basis of Presentation - Governmental Fund Financial Statements**

The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Special Revenue Funds: Account for proceeds of specific revenue sources (other than capital projects) legally restricted to expenditures for specified purposes. Special revenue funds include the following:
  - Special Aid Fund: Used to account for proceeds received from state and federal grants restricted for special educational programs.
  - School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Basis of Presentation - Governmental Fund Financial Statements - Continued**

- Debt Service Fund: Accounts for accumulation of resources and payment of principal and interest of long-term general obligation debt of governmental activities.
- Capital Project Renovation Funds: Accounts for financial resources used for renovation of Tioga Central School District buildings.
- Capital Project Bus Fund: Accounts for the purchase of buses for the School District.

Fiduciary Activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for scholarship funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements as their resources do not belong to the School District and are not available to be used.
- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

#### **Measurement Focus and Basis of Accounting**

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

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

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Measurement Focus and Basis of Accounting - Continued**

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

#### **Cash and Investments**

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts. Investments are stated at fair value.

#### **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

#### **Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Due To/From Other Funds**

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

#### **Capital Assets**

Capital assets with a historical cost greater than \$1,000 and a useful life of at least one year are reported at actual cost for acquisitions subsequent to July 1, 2002. For assets acquired prior to July 1, 2002, historical costs have been estimated based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<b>Estimated Useful Life</b>
Buildings	20 - 40 years
Building improvements	20 years
Furniture and equipment	1 - 20 years

#### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows related to pensions, and OPEB plans are described in Note 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to pensions and OPEB plans which are further described in Note 10 and 11, respectively.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Vested Employee Benefits - Compensated Absences**

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

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

#### **Other Postemployment Benefits**

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

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 post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Unearned and Unavailable Revenues**

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report unavailable revenues as a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources for unavailable revenues is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

#### **Overpayments and Collections in Advance**

Overpayments and collections in advance arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability is removed and revenues are recorded.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

#### **Accrued Liabilities and Long-Term Obligations**

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

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

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - District-wide Financial Statements**

Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets**  
Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**  
Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted**  
Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **Equity Classifications - Governmental Fund Financial Statements**

The School District follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Fund balances are allocated into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the School District is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- **Committed**: Consists of amounts subject to a purpose constraint imposed by formal action of the School District's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the School District's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the School District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District may adopt resolutions to commit or assign fund balance. By resolution, fund balance of the School District may be committed for a specific source by formal action of the Board of Education. Furthermore, the Board of Education delegates authority to assign fund balance for a specific purpose to the Business Official of the School District. The Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Legally Adopted Reserves**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. Except for the Encumbrance Reserve, these reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the School District include the following:

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Insurance Reserve (GML §6-n): Used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.
- Mandatory Debt Service Reserve (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Legally Adopted Reserves - Continued**

- Employee Benefit Accrued Liability Reserve (GML §6-p) - 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 reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r) - Used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

#### **Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 3, 2017. Taxes were collected during the period September 15, 2017 to November 16, 2017.

Uncollected real property taxes are subsequently enforced by Tioga County (the County). An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the following April 1.

#### **Interfund Transfers**

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

#### **Use of Estimates**

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

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **New Accounting Standards**

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

- GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,” effective for the year ended June 30, 2018. This Statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.”
- GASB has issued Statement No. 85, “Omnibus 2017,” effective for the year ended June 30, 2018.
- GASB has issued Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ended June 30, 2018.

#### **Future Changes in Accounting Standards**

- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending June 30, 2019.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending June 30, 2019. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending June 30, 2021.
- GASB has issued Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,” effective for the year ending June 30, 2020. This statement improves the information disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending June 30, 2021.

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

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 2* Participation in BOCES**

During the year ended June 30, 2018, the School District's share of BOCES income amounted to \$510,622. The School District was billed \$1,710,280, for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York 13905.

### ***Note 3* Cash and Cash Equivalents and Investments - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$5,502,788, including certificates of deposit, were either insured or collateralized with securities held by the pledging financial institution in the School District's name as required.

Restricted cash and investments at June 30, 2018 consisted of the following:

Restricted for debt service	\$	666,786
Restricted for school lunch		141,113
Restricted for General Fund reserves		2,145,734
Restricted for debt service - Sinking Fund		3,535
Subtotal		<u>2,957,168</u>
Restricted for Private Purpose Trust Fund		<u>228,465</u>
<b>Total</b>	<b>\$</b>	<b><u><u>3,185,633</u></u></b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 3 Cash and Cash Equivalents and Investments - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued**

The School District has investments in donated Scholarship Funds in the form of Certificate of Deposit. The School District chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, are reported as restricted investments, and are categorized as either:

- 1) Insured or registered, or investments held by the School District or by the School District's agent in the School District's name, or
- 2) Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name, or
- 3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

<u>Investments</u>	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
Private Purpose Trust Fund	\$ <u>111,509</u>	\$ <u>111,509</u>	Certificate of Deposit	(1)
<b>Total</b>	<b>\$ <u>111,509</u></b>	<b>\$ <u>111,509</u></b>		

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

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

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Note 4 Other Receivables**

Other receivables consisted of the following, which are stated at net realizable value.

	<b>Description</b>	<b>Amount</b>
General Fund	Charges for services and refunds	\$ 2,509
<b>Total</b>		<b>\$ 2,509</b>

**Note 5 Interfund Balances and Activity**

Interfund balances at June 30, 2018, are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Interfund Revenues</b>	<b>Interfund Expenditures</b>
General Fund	\$ 1,052,734	\$ 39,897	\$	\$ 2,626,650
Special Aid Fund	8,633	488,234	3,425	36,824
Capital Projects Renovation Fund	26,264	564,501	91,575	
School Lunch Fund	5,000		41,824	
Debt Service Fund	1		2,526,650	
<b>Total</b>	<b>\$ 1,092,632</b>	<b>\$ 1,092,632</b>	<b>\$ 2,663,474</b>	<b>\$ 2,663,474</b>

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Note 6 Capital Assets**

Capital asset balances and activity for the year ended June 30, 2018, were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 292,759	\$	\$	\$ 292,759
Construction in progress	1,194,926	1,057,525		2,252,451
Total Nondepreciable Historical Cost	<u>1,487,685</u>	<u>1,057,525</u>	-	<u>2,545,210</u>
Capital assets that are depreciated:				
Buildings	34,689,854		(2,689,099)	32,000,755
Improvements	3,632,776	17,212	(95,141)	3,554,847
Furniture and equipment	7,144,493	614,432	(587,213)	7,171,712
Total Depreciable Historical Cost	<u>45,467,123</u>	<u>631,644</u>	<u>(3,371,453)</u>	<u>42,727,314</u>
Total Historical Cost	<u>46,954,808</u>	<u>1,689,169</u>	<u>(3,371,453)</u>	<u>45,272,524</u>
Less accumulated depreciation:				
Buildings	(14,758,447)	(784,771)	1,145,759	(14,397,459)
Improvements	(2,241,704)	(162,847)	21,787	(2,382,764)
Furniture and equipment	(4,763,509)	(450,953)	453,254	(4,761,208)
Total Accumulated Depreciation	<u>(21,763,660)</u>	<u>(1,398,571)</u>	<u>1,620,800</u>	<u>(21,541,431)</u>
<b>Total Historical Cost, Net</b>	<b>\$ <u>25,191,148</u></b>	<b>\$ <u>290,598</u></b>	<b>\$ <u>(1,750,653)</u></b>	<b>\$ <u>23,731,093</u></b>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 24,383
Instruction	1,027,125
Pupil transportation	332,712
School lunch program	<u>14,351</u>
<b>Total</b>	<b>\$ <u>1,398,571</u></b>

**Note 7 Short-term Debt**

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs or TANs during the year.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 7* Short-term Debt - Continued**

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

The School District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued. The School District did not issue or redeem any deficiency notes during the year.

The School District may issue bond anticipation notes (BANs) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. The School District has issued bonds to fund capital projects. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The School District did not issue or redeem any BANs during the year.

### ***Note 8* Long-term Debt**

At June 30, 2018, the total outstanding indebtedness of the School District represented 41.9% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment 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.

# **TIOGA CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 8 Long-term Debt - Continued**

The following is a summary of the School District's bonds payable for the year ended June 30, 2018:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2018</u>
<b>Serial Bonds</b>				
Refunding	11/23/2010	06/15/2020	2.00%-5.00%	\$ 2,115,000
Building	05/27/2016	06/15/2039	5.00%-5.125%	1,660,000
Building	06/14/2013	06/15/2024	0.50%-2.75%	375,000
Building	06/10/2015	06/15/2039	3.00%-5.00%	920,000
Refunding	05/27/2016	06/15/2030	2.00%-5.00%	7,895,000
Total Serial Bonds				<u>12,965,000</u>
<b>Statutory Installment Bonds</b>				
Bus #162	07/25/2014	06/15/2019	3.10%	15,319
Bus #163	07/25/2014	06/15/2019	3.10%	15,319
Bus #165	01/29/2016	06/15/2020	3.55%	50,674
Bus #166	01/29/2016	06/15/2020	3.55%	50,674
Bus #167	01/29/2016	06/15/2020	3.50%	28,872
Bus #168	09/19/2016	06/15/2021	2.35%	72,647
Bus #169	09/19/2016	06/15/2021	2.35%	72,647
Bus #170	09/19/2016	06/15/2021	2.35%	104,651
Bus #171	09/19/2016	06/15/2021	2.35%	104,651
Total Statutory Installment Bonds				<u>515,454</u>
<b>Total</b>				<b>\$ <u><u>13,480,454</u></u></b>

Interest expense on long-term debt during the year was:

Interest paid	\$	675,978
Less interest accrued in the prior year		(21,084)
Plus interest accrued in the current year		23,171
Plus amortization of deferred charges on defeased debt		100,750
Less amortization of bond premium		<u>(136,158)</u>
<b>Total</b>	<b>\$</b>	<b><u><u>642,657</u></u></b>

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Note 8 Long-term Debt - Continued**

Interest rates on the serial bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Serial bonds	\$ 14,835,000	\$	\$ (1,870,000)	\$ 12,965,000	\$ 1,940,000
Statutory installment bonds	543,277	261,627	(289,450)	515,454	196,502
Subtotal	15,378,277	261,627	(2,159,450)	13,480,454	2,136,502
Premium on obligations	1,314,700		(136,158)	1,178,542	136,062
<b>Total</b>	<b>\$ 16,692,977</b>	<b>\$ 261,627</b>	<b>\$ (2,295,608)</b>	<b>\$ 14,658,996</b>	<b>\$ 2,272,564</b>

Deferred charges on defeased debt related to the 2016 bond refunding are amortized over the life of the bonds. Bond activity for the year is summarized below:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Deferred Charges on defeased debt	\$ 993,787	\$	\$ (100,750)	\$ 893,037	\$ 100,662
<b>Total</b>	<b>\$ 993,787</b>	<b>\$ -</b>	<b>\$ (100,750)</b>	<b>\$ 893,037</b>	<b>\$ 100,662</b>

The following is a summary of the maturity of long-term indebtedness.

Year	Principal	Interest	Total
2019	\$ 2,136,502	\$ 594,418	\$ 2,730,920
2020	2,155,868	503,870	2,659,738
2021	1,055,760	410,488	1,466,248
2022	1,052,324	361,530	1,413,854
2023	1,050,000	311,898	1,361,898
2024-2028	2,330,000	1,030,374	3,360,374
2029-2033	1,585,000	598,522	2,183,522
2034-2038	1,735,000	248,320	1,983,320
2039	380,000	13,100	393,100
<b>Total</b>	<b>\$ 13,480,454</b>	<b>\$ 4,072,520</b>	<b>\$ 17,552,974</b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 8 Long-term Debt - Continued**

On May 27, 2016 \$7,940,000 in general obligation bonds with variable interest rates ranging from 2.0% to 5.0% were issued to advance refund \$7,925,000 of outstanding bonds, with interest rates ranging from 3.0% to 5.125%. The net proceeds of \$9,054,326 (after payment of fiscal agent fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The outstanding principal on the defeased bonds was \$1,660,000 at June 30, 2018.

**Note 9 Compensated Absences**

In addition to the above long-term debt, the School District had the following other long-term obligations:

- **Compensated Absences:** Represent the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General and School Lunch Funds.

2017-2018 activity consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 415,584	\$ 23,730	\$ -	\$ 439,314	\$ 202,353
<b>Total</b>	<b>\$ 415,584</b>	<b>\$ 23,730</b>	<b>\$ -</b>	<b>\$ 439,314</b>	<b>\$ 202,353</b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

#### **Plan Descriptions and Benefits Provided**

##### **Teachers' Retirement System (TRS)**

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, 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 RSSL. 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.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

#### **Plan Descriptions and Benefits Provided - Continued**

##### **Employees' Retirement System (ERS)**

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

##### **Summary of Significant Accounting Policies**

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

***Note 10*** Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

**Contributions**

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
<b>2018</b>	\$ <b>223,617</b>	\$ <b>609,729</b>
2017	234,420	670,185
2016	257,975	860,426

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date (asset)	4/01/2017	6/30/2016
Net pension liability	\$ 3,227,444,946	\$ (760,099,284)
School District's proportionate share of the Plan's total net pension (asset) liability	172,322	(250,372)
School District's share of the net pension (asset) liability	0.005339%	0.032939%

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

For the year ended June 30, 2018, the School District recognized pension expense of \$211,558 for ERS and \$627,887 for TRS in the District-wide financial statements. At June 30, 2018 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 61,462	\$ 205,995	\$ 50,789	\$ 97,617
Changes of assumptions	114,263	2,547,586		
Net differences between projected and actual earnings on pension plan investments	250,283		494,034	589,699
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	33,663	625	15,444	17,584
School District's contributions subsequent to the measurement date	55,701	539,877		
<b>Total</b>	<b>\$ 515,372</b>	<b>\$ 3,294,083</b>	<b>\$ 560,267</b>	<b>\$ 704,900</b>

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

Year Ended	ERS	TRS
2019	\$ 40,119	\$ 56,360
2020	33,969	672,435
2021	(120,020)	480,756
2022	(54,664)	118,161
2023		479,353
Thereafter		242,241

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

#### **Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Investment rate of return	7.0%	7.3%
Salary increases	3.8%	1.9% - 4.72%
Cost of living adjustments	1.3%	1.5%
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Measurement date	ERS March 31, 2018	TRS June 30, 2017
Asset Type:		
Domestic equities	4.55%	5.9%
International equities	6.35%	7.4%
Real estate	5.55%	4.3%
Private equity/Alternative investments	7.50%	9.0%
Absolute return strategies	3.75%	
Opportunistic portfolio	5.68%	
Real assets	5.29%	
Cash	(0.25)%	
Inflation-indexed bonds	1.25%	
Domestic fixed income securities		1.6%
Global fixed income securities		1.3%
High-yield fixed income securities		3.9%
Mortgages and bonds	1.31%	2.8%
Short-term		0.6%

**Discount Rate**

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

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

The following presents the School District's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School 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 higher than the current rate:

<b>ERS</b>	<b>1% (6.0%)</b>	<b>Current Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>								
School District's proportionate share of net pension (asset) liability	\$ 1,303,831	\$ 172,322	\$ (784,890)								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><b>TRS</b></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>1% (6.25%)</b></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>Current Assumption (7.25%)</b></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>1% Increase (8.25%)</b></th> </tr> </thead> <tbody> <tr> <td style="border-top: 1px solid black;">School District's proportionate share of net pension (asset) liability</td> <td style="border-top: 1px solid black;">\$ 4,313,172</td> <td style="border-top: 1px solid black;">\$ (250,372)</td> <td style="border-top: 1px solid black;">\$ (4,072,114)</td> </tr> </tbody> </table>				<b>TRS</b>	<b>1% (6.25%)</b>	<b>Current Assumption (7.25%)</b>	<b>1% Increase (8.25%)</b>	School District's proportionate share of net pension (asset) liability	\$ 4,313,172	\$ (250,372)	\$ (4,072,114)
<b>TRS</b>	<b>1% (6.25%)</b>	<b>Current Assumption (7.25%)</b>	<b>1% Increase (8.25%)</b>								
School District's proportionate share of net pension (asset) liability	\$ 4,313,172	\$ (250,372)	\$ (4,072,114)								

**Pension Plan Fiduciary Net Position**

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

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	<b>TRS</b>
Measurement date	March 31, 2018	June 30, 2017
Employers' total pension (asset) liability	\$ 183,400,590	\$ 114,708,261
Plan net position	(180,173,145)	(115,468,360)
Employers' net pension (asset) liability	<b>\$ 3,227,445</b>	<b>\$ (760,099)</b>
Ratio of Plan Net Position to the Employers' Total Pension (Asset) Liability	98.2%	(100.7)%

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2018 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$55,701.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$586,057.

**Effect on Net Position**

Changes in the net pension (asset) liability and deferred outflows and inflows of resources for the year ended June 30, 2018 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>ERS</b>			
Net pension liability	\$ 495,081	\$ (322,759)	\$ 172,322
Deferred outflows of resources	(372,567)	(142,805)	(515,372)
Deferred inflows of resources	98,282	461,985	560,267
Subtotal	220,796	(3,579)	217,217
<b>TRS</b>			
Net pension (asset) liability	351,035	(601,407)	(250,372)
Deferred outflows of resources	(3,399,498)	105,415	(3,294,083)
Deferred inflows of resources	122,971	581,929	704,900
Subtotal	(2,925,492)	85,937	(2,839,555)
<b>Total</b>	<b>\$ (2,704,696)</b>	<b>\$ 82,358</b>	<b>\$ (2,622,338)</b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11 Postemployment Benefits Other Than Pensions (OPEB)**

During the year ended June 30, 2018 the School District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."

**General Information about the OPEB Plan**

Plan Description - The School District's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School 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	124
Active employees	<u>132</u>
	<u><u>256</u></u>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 11* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

#### **Total OPEB Liability**

The School District's total OPEB liability of \$56,316,757 was measured as of July 1, 2017, and was determined by an actuarial valuation as of July 1, 2016.

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:

Long-Term Bond Rate:	3.60%
Single Discount Rate	3.60%
Salary Scale	4.25%
Rate of Inflation	2.20%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	5.90-7.20% for 2018, decreasing to an ultimate rate of 3.94% for 2077 and later years

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2017 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis.

Election percentage: It was assumed that 95% of future retirees eligible for coverage will elect retiree group benefits. It was assumed that participants who are currently not Medicare eligible will migrate into the Gold Anywhere PPO with MVP Part D Prescription Plan upon Medicare eligibility. Retirees already Medicare eligible and still participating in NY44 are assumed to continue in NY44.

Spousal Coverage: It was assumed that 80% of future retirees will elect spousal coverage upon retirement.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trend Models v2018\_c (the Getzen model).

The actuarial assumptions used in the June 30, 2017 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2017</b>	\$ <u>61,526,133</u>
<b>Changes for the year:</b>	
Service cost	2,060,542
Interest cost	1,794,107
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(7,792,946)
Benefit payments	<u>(1,271,079)</u>
Net change	<u>(5,209,376)</u>
<b>Balance at June 30, 2018</b>	<b>\$ <u><u>56,316,757</u></u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% percent in 2016 to 3.60% in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.60%) or 1-percentage-point higher (4.60%) than the current discount rate:

	<b>1% Decrease (2.60%)</b>	<b>Discount Rate (3.60%)</b>	<b>1% Increase (4.60%)</b>
Total OPEB liability	\$ 67,040,242	\$ 56,316,757	\$ 47,862,242

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 46,621,928	\$ 56,316,757	\$ 69,044,880

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the School District recognized OPEB expense of \$2,389,810.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$
Changes in assumptions or other inputs		6,328,107
Contributions subsequent to measurement date	1,366,889	
<b>Total</b>	<b>\$ 1,366,889</b>	<b>\$ 6,328,107</b>

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

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2019	\$ (1,464,839)
2020	(1,464,839)
2021	(1,464,839)
2022	(1,464,839)
2023 and Thereafter	(468,751)

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Effect on Net Position**

Changes in the net pension (asset) liability and deferred outflows and inflows of resources for the year ended June 30, 2018 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>OPEB</b>			
Other postemployment benefits liability	\$ 61,526,133	\$ (5,209,376)	\$ 56,316,757
Deferred outflows of resources	(1,271,079)	(95,810)	(1,366,889)
Deferred inflows of resources		6,328,107	6,328,107
<b>Total Effect on Net Position</b>	<b>\$ 60,255,054</b>	<b>\$ 1,022,921</b>	<b>\$ 61,277,975</b>

**Note 12 Commitments and Contingencies**

**Risk Financing and Related Insurance**

**General Information**

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**Health Insurance**

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by the Broome-Tioga health insurance consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 18 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 12* Commitments and Contingencies - Continued**

#### **Health Insurance - Continued**

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

During the year ended June 30, 2018, the Tioga Central School District incurred premiums or contribution expenditures totaling \$3,360,812.

#### **Other Items**

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

### ***Note 13* Stewardship, Compliance and Accountability**

#### **Deficit Net Position**

At June 30, 2018 the District-wide Statement of Net Position had an unrestricted net deficit of \$(57,033,699). This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability. (See Note 11.) The deficit is not expected to be eliminated during the normal course of operations.

#### **Deficit Unassigned Fund Balance**

At June 30, 2018 the Capital Project Renovation Fund had an unrestricted fund balance deficit of \$(364,263). The deficit is expected to be eliminated as the School District finances ongoing capital projects.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

**Note 14 Fund Balance Detail**

At June 30, 2018, nonspendable, restricted and assigned fund balance in the governmental funds was as follows:

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Debt Service Fund</b>
<b>Nonspendable</b>				
Prepaid Expenses	\$ 480,892	\$	\$	\$
Inventory			16,390	
<b>Total Nonspendable Fund Balance</b>	<b>\$ 480,892</b>	<b>\$ -</b>	<b>\$ 16,390</b>	<b>\$ -</b>
<b>Restricted</b>				
Retirement contribution reserve	989,933			
Insurance reserve	177,523			
Employee benefit accrued liability reserve	164,735			
Capital reserve	813,543			
School lunch			175,526	
Debt				666,786
<b>Total Restricted Fund Balance</b>	<b>\$ 2,145,734</b>	<b>\$ -</b>	<b>\$ 175,526</b>	<b>\$ 666,786</b>
<b>Assigned</b>				
Appropriated for next year's budget	\$ 648,128	\$	\$	\$
Encumbered for:				
General support	93,759			
Instruction	252,981			
Pupil transportation	1,133			
Community Services	91			
<b>Total Assigned Fund Balance</b>	<b>\$ 996,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Note 15 Restricted Fund Balances**

Portions of restricted fund balance are reserved and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. Balances and activity for the year ended June 30, 2018 of the General Fund reserves were as follows:

<u>General</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Insurance reserve	\$ 177,381	\$	\$ 142	\$	\$ 177,523
Retirement contribution reserve	889,391	100,000	542		989,933
Employee benefit accrued liability reserve	164,672		63		164,735
Capital reserve	13,529	800,000	14		813,543
<b>Total Reserved Fund Balance</b>	<b>\$ 1,244,973</b>	<b>\$ 900,000</b>	<b>\$ 761</b>	<b>\$ -</b>	<b>\$ 2,145,734</b>

**Note 16 Tax Abatements**

For the year ended June 30, 2018, property in the School District was subject to property tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA).

TCIDA enters into PILOT agreements with businesses within Tioga County under New York State General Municipal Law 858. Economic development agreements entered into by TCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

Information relevant to disclosure of the programs for the year ended June 30, 2018 is as follows:

	<u>Taxable Assessed Value</u>	<u>Combined Tax Rates</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
<b>Tioga County Industrial Development Agency</b>					
Tioga Downs parking garage	\$ 1,149,835	49.24	\$ 56,618	\$ 8,543	\$ 48,075
Tioga Downs	1,645,000	49.24	81,000	4,131	76,869
<b>Total PILOT Agreements</b>	<b>\$ 2,794,835</b>		<b>\$ 137,618</b>	<b>\$ 12,674</b>	<b>\$ 124,944</b>

**Note 17 Restatement**

The School District's June 30, 2018 net position has been restated for the GASB Statement No. 75 implementation to reflect the following:

<b>Net Position (Deficit) Beginning of Year</b>	\$ (11,301,456)
Beginning OPEB plan liability	(33,926,320)
Beginning OPEB plan deferred outflows of resources	1,271,079
<b>Net Position (Deficit) Beginning of Year, as Restated</b>	<b>\$ (43,956,697)</b>

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$ 3,802,209	\$ 3,802,209	\$ 3,262,637	\$ (539,572)
Real property tax items	11,400	11,400	561,295	549,895
Charges for services	15,650	15,650	28,039	12,389
Use of money and property	2,500	2,500	46,156	43,656
Sale of property and compensation for loss	5,000	5,000	553,273	548,273
Miscellaneous	159,590	159,590	231,997	72,407
<b>Total Local Sources</b>	<b>3,996,349</b>	<b>3,996,349</b>	<b>4,683,397</b>	<b>687,048</b>
State sources	14,014,515	14,014,515	14,053,909	39,394
Federal sources			71,362	71,362
Medicaid reimbursement			42,631	42,631
<b>Total Revenues</b>	<b>18,010,864</b>	<b>18,010,864</b>	<b>\$ 18,851,299</b>	<b>\$ 840,435</b>
<b>Appropriated Fund Balance</b>	<b>500,000</b>	<b>500,000</b>		
<b>Designated Fund Balance and Encumbrances Carried Forward from Prior Year</b>	<b>232,777</b>	<b>232,777</b>		
<b>Total Revenues, Appropriated Reserves, and Designated Fund Balance</b>	<b>\$ 18,743,641</b>	<b>\$ 18,743,641</b>		

*See Independent Auditor's Report and Notes to Required Supplementary Information*

# TIOGA CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>
<b>EXPENDITURES</b>		
<b>General Support</b>		
Board of Education	\$ 15,735	\$ 15,734
Central administration	186,232	226,670
Finance	286,202	289,585
Staff	20,050	23,090
Central services	1,758,649	1,594,008
Special items	152,286	152,286
<b>Total General Support</b>	<b>2,419,154</b>	<b>2,301,373</b>
<b>Instruction</b>		
Instruction, administration and improvement	561,825	576,086
Teaching - Regular school	4,520,937	4,655,438
Programs for children with handicapping conditions	1,314,911	1,204,932
Occupational education	281,931	256,931
Teaching - Special school	1,000	1,000
Instructional media	226,036	395,850
Pupil services	683,261	683,530
<b>Total Instruction</b>	<b>7,589,901</b>	<b>7,773,767</b>
Pupil Transportation	869,970	859,971
Community Services	20,180	31,030
Employee Benefits	4,897,126	4,828,072
<b>Debt Service</b>		
Principal	289,123	289,450
Interest	20,929	22,720
<b>Total Debt Service</b>	<b>310,052</b>	<b>312,170</b>
<b>Total Expenditures</b>	<b>16,106,383</b>	<b>16,106,383</b>
<b>OTHER FINANCING USES</b>		
Operating transfers out	2,637,258	2,637,258
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 18,743,641</b>	<b>\$ 18,743,641</b>

Net Change in Fund Balance

Fund Balance - Beginning of Year

**Fund Balance - End of Year**

*See Independent Auditor's Report and Notes to Required Supplementary Information*

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 14,705	\$	\$ 1,029
220,967		5,703
286,272	2	3,311
18,523		4,567
1,321,436	93,757	178,815
149,210		3,076
2,011,113	93,759	196,501
557,016	148	18,922
4,476,824	141,729	36,885
1,159,191	8,600	37,141
237,101		19,830
402		598
286,492	74,707	34,651
581,548	27,797	74,185
7,298,574	252,981	222,212
732,454	1,133	126,384
19,729	91	11,210
4,673,527		154,545
289,450		-
22,720		-
312,170	-	-
15,047,567	347,964	710,852
2,626,650	-	10,608
17,674,217	\$ <b>347,964</b>	\$ <b>721,460</b>
1,177,082		
3,195,060		
\$ <b>4,372,142</b>		

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 223,617	\$ 234,420	\$ 257,975
Contributions in relation to the contractually required contribution	223,617	234,420	257,975
Contribution deficiency (excess)	-	-	-
School District's covered payroll	1,537,150	1,550,455	1,506,778
Contributions as a percentage of covered payroll	14.5%	15.1%	17.1%

\* Information not readily available

## **SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 539,877	\$ 609,729	\$ 670,185
Contributions in relation to the contractually required contribution	539,877	609,729	670,185
Contribution deficiency (excess)	-	-	-
School District's covered payroll	5,508,949	5,202,466	5,054,186
Contributions as a percentage of covered payroll	9.8%	11.7%	13.3%

*See Independent Auditor's Report and Notes to Required Supplementary Information*

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 281,863	\$ 341,070	\$ 298,206	\$ 231,994	\$ 221,112	\$ 136,131	\$ 133,501
281,863	341,070	298,206	231,994	221,112	136,131	133,501
-	-	-	-	-	-	-
1,510,236	1,582,724	*	*	*	*	*
18.7%	21.5%	N/A	N/A	N/A	N/A	N/A

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 860,426	\$ 781,640	\$ 567,569	\$ 422,329	\$ 328,950	\$ 393,592	\$ 426,237
860,426	781,640	567,569	422,329	328,950	393,592	426,237
-	-	-	-	-	-	-
4,908,306	4,810,092	4,793,657	3,801,341	3,816,125	6,358,514	5,586,330
17.5%	16.3%	11.8%	11.1%	8.6%	6.2%	7.6%

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension (asset) liability	<b>0.0053393%</b>	0.0052689%	0.0056690%	0.0032705%
School District's proportionate share of the net pension (asset) liability	\$ <b>172,322</b>	\$ 495,081	\$ 909,893	\$ 199,537
School District's covered payroll during the measurement period	<b>1,525,400</b>	1,542,119	1,494,997	1,515,316
School District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<b>11.3%</b>	32.1%	60.9%	13.2%
Plan fiduciary net position as a percentage of the total pension (asset) liability	<b>98.2%</b>	94.7%	90.7%	97.9%

## **SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension (asset) liability	<b>0.0329390%</b>	0.0327758%	0.032676%	0.016891%
School District's proportionate share of the net pension (asset) liability	\$ <b>(250,372)</b>	\$ 351,035	\$ (3,393,946)	\$ (3,627,338)
School District's covered payroll during the measurement period	<b>5,202,466</b>	5,054,186	4,908,306	4,810,093
School District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<b>-4.8%</b>	6.9%	-69.1%	-75.4%
Plan fiduciary net position as a percentage of the total pension (asset) liability	<b>100.7%</b>	99.0%	110.5%	111.5%

*See Independent Auditor's Report and Notes to Required Supplementary Information*

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Service cost	\$ <b>2,060,542</b>	\$ *	\$ *
Interest cost	<b>1,794,107</b>	*	*
Changes of benefit terms	-	*	*
Differences between expected and actual experience	-	*	*
Changes in assumptions or other inputs	<b>(7,792,746)</b>	*	*
Benefit payments	<b>(1,271,079)</b>	*	*
	<b>(5,209,176)</b>	*	*
Total OPEB liability - Beginning	<b>61,526,133</b>	*	*
Total OPEB liability - Ending	<b>\$ 56,316,957</b>	<b>\$ 61,526,133</b>	<b>\$ *</b>
Covered employee payroll	<b>6,538,798</b>	*	*
Total OPEB Liability as a Percentage of Covered Payroll	<b>861%</b>	*	*

\* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed for each year going forward as it becomes available.

*See Independent Auditor's Report and Notes to Required Supplementary Information*

2015	2014	2013	2012	2011	2010	2009
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>          </u>						
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
<u>          </u>						
*	*	*	*	*	*	*
*	*	*	*	*	*	*

# TIOGA CENTRAL SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

**Note 1 Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

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

The following supplemental appropriations occurred during the year:

Adopted budget	\$ 18,510,864
Carryover encumbrances	<u>232,777</u>
Original budget	<u>18,743,641</u>
<b>Final Budget</b>	<b>\$ <u><u>18,743,641</u></u></b>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

**Note 2 Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

**Note 3 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2018 - 2.85%  
2017 - 3.60%

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018**

**Note 4 Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability**  
The Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability, required supplementary information, present four years of information. These schedules will present ten years of information as it becomes available from the pension plans.

**Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability**  
**NYSLRS:**

### **Changes in Benefit Terms**

There were no significant legislative changes in benefits.

### **Changes of Assumptions**

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2017 actuarial valuation.

### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	Five-year phase in deferred recognition of each year's net investment income/loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is subject to the five-year phase in.
Inflation	2.5%
Salary scale	3.8% in ERS, indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.3% annually

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018**

### ***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability - Continued**

#### **NYSTRS**

##### **Changes in Benefit Terms**

Chapter 504 of the Laws of 2009 created a new tier of membership (Tier 5) for members with a date of membership on or after January 1, 2010. The Tier 5 benefit structure represents a reduction in benefits from those of prior tiers and an increase in the required employee contribution rate. The Tier 5 benefit changes were first included in the 2010 actuarial valuation. Chapter 18 of the Laws of 2012 created a new tier of membership (Tier 6) for members who joined on or after April 1, 2012. The Tier 6 benefit formula is slightly less generous than that of Tier 5, and the required employee contribution rate was increased further. The Tier 6 benefit changes were first included in the 2012 actuarial valuation.

##### **Changes of Assumptions**

Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated future experience. The actuarial assumptions used in the actuarial valuations prior to 2011 were adopted by the Retirement Board on October 26, 2006. Revised assumptions were adopted by the Retirement Board on October 27, 2011 and first used in the 2011 actuarial valuation. The actuarial assumptions were revised again in 2015. These assumptions were adopted by the Retirement Board on October 29, 2015 and first used in the 2015 actuarial valuation.

The System's valuation rate of interest of 7.5% is effective with the 2015 actuarial valuation. Prior to the 2015 actuarial valuation, the System's valuation rate of interest assumption was 8.0%.

Prior to the 2007 actuarial valuation, the asset valuation method used was a five-year market smoothing for equities, real estate, and alternative investments, based upon book values. The asset valuation method was changed effective with the 2007 actuarial valuation to use a five-year phased in deferred recognition, at a rate of 20% per year, of each year's realized and unrealized appreciation in excess of (or less than) an assumed inflationary gain of 3.0%. The asset valuation method was changed again effective with the 2015 actuarial valuation to recognize each year's net investment income/ loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is recognized at a rate of 20% per year, until fully recognized after five years.

Prior to the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.75% annually. Effective with the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually. Effective with the 2015 actuarial valuation, COLAs are projected to increase at a rate of 1.50% annually.

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018**

***Note 5***     **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability - Continued**

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the Schedule of School Districts' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School Districts' Contributions.

Actuarial cost method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset valuation method	5 year phased in deferred recognition of each year's actual gain or loss above (or below) an assumed inflationary gain of 3.0%.
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Inflation	2.5%
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Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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<b>Service</b>	<b>Rate</b>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation.
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Cost of living adjustments	1.5% compounded annually
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# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2018**

<b>Capital assets, net</b>	\$ <u>23,731,093</u>
Add:	
Amounts deferred on refunding	<u>893,037</u>
Unspent debt proceeds	<u>-</u>
Deduct:	
Bond anticipation notes	<u>-</u>
Premium on bonds payable	<u>(1,178,542)</u>
Short-term portion of bonds payable	<u>(2,136,502)</u>
Long-term portion of bonds payable	<u>(11,343,952)</u>
<b>Net Investment in Capital Assets</b>	<b>\$ <u><u>9,965,134</u></u></b>

*See Independent Auditor's Report*

**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  
Tioga Central School District  
Tioga Center, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tioga Central School District (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 14, 2018.

**Internal Control over Financial Reporting**

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

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 14, 2018

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

Board of Education  
Tioga Central School District  
Tioga Center, New York

**Report on Compliance for Each Major Federal Program**

We have audited the Tioga Central School District's (the School 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 School District's major federal programs for the year ended June 30, 2017. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 School 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 School District's compliance.

***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School 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 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 School District's internal control over compliance.

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

Our consideration of 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 14, 2018

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass -Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass -Through Grantor #</u>	<u>Pass - Through to Subrecipients</u>	<u>Expenditures</u>
<b>U.S. Department of Education</b>				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021183355	\$	\$ 230,227
Improving Teacher Quality State Grants	84.367	0147183355		38,801
Special Education Cluster:				
Special Education - Grants to States	84.027	0032180979		230,596
Special Education - Preschool Grants	84.173	0033180979		8,355
Total Special Education Cluster				<u>238,951</u>
<b>Total U.S. Department of Education</b>				<u>507,979</u>
<b>U.S. Department of Agriculture</b>				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	006731		135,881
National School Lunch	10.555	006731		331,601
Summer Food Service Program	10.559	006731		12,275
Total Child Nutrition Cluster				<u>479,757</u>
Child Nutrition Discretionary Grants	10.579	(1)		36,824
<b>Total U.S. Department of Agriculture</b>				<u>516,581</u>
<b>U.S. Department of Homeland Security</b>				
Passed through NYS Division of Homeland Security and Emergency Services:				
Disaster Grants - Public Assistance	97.036	4031 DR-NY		71,362
<b>Total Expenditures of Federal Awards</b>			<b>\$ - \$</b>	<b><u>1,095,922</u></b>

(1) Unable to obtain

*See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards*

# ***TIOGA CENTRAL SCHOOL DISTRICT***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018**

***Note 1***     **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

***Note 2***     **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Uniform Guidance, *Audits of State and Local Governments*, and *Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

***Note 3***     **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimus indirect cost rate.

***Note 4***     **Matching Costs**

Matching costs, i.e., the Tioga Central School District's share of certain program costs, are not included in the reported expenditures.

***Note 5***     **Non-Monetary Federal Program**

The Tioga Central School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2018, the Tioga Central School District received \$16,173 worth of commodities under the National School Lunch Program (CFDA #10.555).

***Note 6***     **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the School District's casualty insurance policies. There were no loans or loan guarantees outstanding at year end. No amounts were provided to subrecipients.

# TIOGA CENTRAL SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

### Section I - Summary of Auditor's Results

#### *Financial Statements*

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified that are not  
considered to be material weakness(es)?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

#### *Federal Awards*

Internal control over major programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified that are not  
considered to be material weakness(es)?

yes  none reported

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 200.516(a)?

yes  no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027, 84.173

Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B  
Programs:

\$ 750,000

Auditee qualified as low-risk?

yes  no

### Section II - Financial Statement Findings

None

### Section III - Federal Award Findings and Questioned Costs

None