

SARANAC CENTRAL SCHOOL DISTRICT

**FINANCIAL REPORT
JUNE 30, 2018 AND 2017**

Contents

INDEPENDENT AUDITOR'S REPORT	1-3
Management's Discussion and Analysis	4-12
Statements of Net Position	13
Statement of Activities	14
Balance Sheet - Governmental Funds	15
Combined Statement of Revenues, Expenditures and Changes in Fund Balance	16-17
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	20
Reconciliation of Governmental Funds - Revenues, Expenditures and Changes in Fund Balance to Statement of Activities	21
Notes to Financial Statements	22-50
SUPPLEMENTARY INFORMATION	
Special Revenue Funds:	
Combining Balance Sheet - Special Revenue Funds	51
Combining Statement of Revenues and Expenditures - Special Revenue Funds	52
General Fund:	
Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit	53
Schedule of General Fund Revenues and Expenditures - Budget and Actual	54-55
Schedule of Project Expenditures - Capital Projects Fund	56
Schedule of Funding Progress - Other Post-Employment Benefits Plan	57
Schedule of Net Investment in Capital Assets	58
Schedule of District's Proportionate Share of the Net Pension Liability - NYSERS	59
Schedule of the District's Contributions - NYSERS	60
Schedule of District's Proportionate Share of the Net Pension Liability - NYSTRS	61
Schedule of the District's Contributions - NYSTRS	62
Schedule of Expenditures of Federal Awards	63
Notes to Schedule of Expenditures of Federal Awards	64
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	65-66
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	67-68
Schedule of Findings and Questioned Costs	69-70
Extraclassroom Activity Fund:	
Independent Auditor's Report	71-72
Statement of Assets, Liabilities and Fund Balance - Cash Basis	73
Statement of Cash Receipts, Disbursements and Ending Balances	74
Notes to Financial Statements	75

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Saranac Central School District
Saranac, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Saranac Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2017 financial statements, and in our report dated September 26, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 12), budgetary comparison information (pages 54 & 55), Schedule of Funding Progress Other Post-Employment Benefits Plan (page 57), and Schedule of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and the schedules of the District's Contributions – ERS and TRS (pages 59 through 62) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018, on our consideration of the Saranac Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saranac Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

September 21, 2018

Saranac Central School District Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2018

The Following is Management's Discussion and Analysis (MD&A) of the Saranac Central School District's financial performance for the fiscal year ended June 30, 2018. The MD&A is a summary of the District's financial activities based on the currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements.

This section is only an introduction and should be read in conjunction with the District's financial statements, which are immediately following this section.

Financial Highlights For 2017-2018

- Revenues totaled more than \$33.7 million. The general revenues represent 93.6% of this total with the balance coming from program revenues.
- Fund equity for the general fund increased by \$592,741.
- Fund equity for the cafeteria fund increased by \$48,335.

Overview of the Financial Statements

This annual report consists of the MD&A, a series of financial statements, and required supplementary information. The district-wide statements are organized so the reader can understand Saranac Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increased focus on individual parts of the District in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds. The financial statements also included 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 District's budget for the year.

District-wide Statements

The district-wide financial statements are designed to be similar to corporate statements in that all governmental and business type activities are consolidated. The Statement of Net Position combines governmental fund's current financial resources with capital assets and long-term obligations.

The first of the district-wide financial statements is the Statement of Net Position. This statement includes all of the District's assets and liabilities, with the difference reported as net position. Increases or decreases in net assets may serve as a useful indicator of whether the overall financial position of the District is improving or deterioration. In addition to this information evaluation of the District's overall health would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of New York State and the Federal government, and the condition of the District's infrastructure.

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES

	6/30/2018	Restated 6/30/2017
Current and other assets	\$ 13,704,102	\$ 12,912,272
Capital assets	21,499,064	21,813,439
Total Assets	<u>35,203,166</u>	<u>34,725,711</u>
Deferred Outflows of Resources		
OPEB (GASB 75)	1,851,049	1,829,227
Pensions	8,303,725	8,344,196
Total Assets and Deferred Outflows of Resources	<u>\$ 45,357,940</u>	<u>\$ 44,899,134</u>
Other Liabilities	\$ 1,812,564	\$ 2,211,093
Long Term Liabilities	79,956,836	88,057,534
Total Liabilities	<u>81,769,400</u>	<u>90,268,627</u>
Deferred Inflow of Resources		
OPEB (GASB 75)	8,133,979	-
Pensions	2,470,207	396,563
Total Liabilities and Deferred Inflows of Resources	<u>10,604,186</u>	<u>396,563</u>
NET POSITION		
Net Investment in capital assets	15,340,812	16,043,912
Restricted	3,815,865	3,832,101
Unrestricted	(66,172,323)	(65,642,069)
Total Net Position	<u>(47,015,646)</u>	<u>(45,766,056)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 45,357,940</u>	<u>\$ 44,899,134</u>

The largest portion of the District's assets is the investment in capital assets (land, building, equipment), less the outstanding balance of bonds used to acquire, construct, and improve the assets. These assets are used to provide educational services to students; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from the general fund budget. These assets are not to be liquidated to pay any of the debt.

Furthermore, net position of capital projects and special aid funds is restricted by State law to be spent for the purposes of the funds and are not available for spending at the District's discretion. The net position of the General Fund is not restricted by State law and is available for spending at the District's discretion.

Investment in capital assets net of related debt decreased from 2016-2017 to 2017-2018. This is primarily the result of depreciation expense.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted amount is reserved for bus purchases and a future capital project (capital reserve), a mandatory debt service reserve fund, a debt service fund and various legal reserves.

- A capital reserve was established by the taxpayers, August 2002, for the purpose of purchasing buses. The voters allowed contributions to be made for 10 years and up to \$750,000, excluding interest earnings. This reserve is permitted, by law, to continue until all of the funds are exhausted. An additional reserve was approved by voters in May 2017 for the purpose of acquiring machinery and equipment and construction and reconstruction of improvements and additions to all school buildings, grounds, and facilities. The voters allowed contributions to be made for 10 years and up to \$1,000,000, excluding interest earnings.
- A debt service fund is maintained for the payment of principal and interest on long-term debt.
- A mandatory debt service reserve fund was established in the general fund in June 2011 following the sale of Dannemora Elementary School. The reserve was increased for the sale of Cadyville Elementary School in 2016. This reserve is required when outstanding obligations remain at the time of the sale of a school building.

There was a decrease of \$671,215 in the unrestricted component of net position. This is primarily due to the Governmental Accounting Standards Board (GASB) #75 requirement to record a liability for post-employment benefits in regards to health care premiums. This amount is recorded as a long-term liability, under retirement benefits, and decreases the unrestricted component of net position.

Net position is the difference between the District's assets and liabilities, which is one way to measure financial health or position. There are three categories of net position: capital assets (net of relate debt), restricted net position, and unrestricted net position. At the end of the fiscal year, the District reported positive balances in both the capital and restricted assets, both for the District as a whole, as well as for the individual funds.

CHANGES IN NET POSITION
(STATEMENT OF ACTIVITIES)

REVENUES	<u>6/30/2018</u>	<u>6/30/2017</u>
Program Revenues:		
Charges for services	\$ 237,577	\$ 249,332
Operating grants	1,534,295	1,280,443
General Revenues:		
Real property taxes	10,608,307	10,556,642
Other tax items	2,148,198	2,200,454
Charges for services	43,777	57,342
Use of money and property	15,046	19,593
Sale of property and compensation for loss	116,771	31,503
Miscellaneous	460,183	669,628
State Sources	18,491,975	17,209,755
Federal sources	78,328	53,003
Total Revenues	<u>33,734,457</u>	<u>32,327,695</u>
 EXPENSES		
General support	3,898,289	3,502,236
Instruction	18,045,376	17,039,319
Pupil transportation	1,672,296	1,516,406
Community service	26,839	20,362
Employee benefits	10,479,723	12,223,337
Debt service	178,482	246,228
Capital outlay	435,770	-
School lunch program	198,757	232,042
Total Expenses	<u>34,935,532</u>	<u>34,779,930</u>
 Increase (Decrease) in Net Position	<u>\$ (1,201,075)</u>	<u>\$ (2,452,235)</u>

The Statement of Activities is similar to an income statement, in that it reports revenues, expenditures, and changes in net position. With the greatest amount of revenues coming from one source, state aid \$18,491,975, the District is susceptible to fluctuations in the New York State budget. Less money means a higher property tax rate. The largest expense is instruction to students, \$18,045,376. The District has a decrease in net position of (\$1,249,590). This primarily resulted from the recording of employee benefits of \$2,224,607.

There was an increase in the general support, instruction, and transportation areas while employee benefits decreased. Overall, expenditures are nearly identical to the prior fiscal year.

All of the District's programs and services are reported in the district-wide financial statements as governmental activities. Most of the District's services are included here, such as regular and special education, support services, operation and maintenance of school, pupil transportation, extracurricular activities and administration. Property taxes and State formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The governmental fund financial statements are presented on a modified accrual basis; whereas, the governmental activities in the district-wide statements are presented on an accrual basis of accounting. The District has two kinds of funds, governmental and fiduciary.

Governmental Funds. Most of the District's activities are reported in governmental funds, which focus on how cash flows in and out of the funds and the balances left at year end are available for future spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are financial resources that can be spent to finance the District's programs. Any differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

General Fund. When comparing last year's statement to this year's, total fund equity increased \$592,741 (6.4%) from 2016-2017 to 2017-2018. This occurred mostly from an increase in state aid revenues.

Cafeteria Fund. General support, employee benefits, and cost of sales decreased causing fund equity to increase \$48,335 from the prior year.

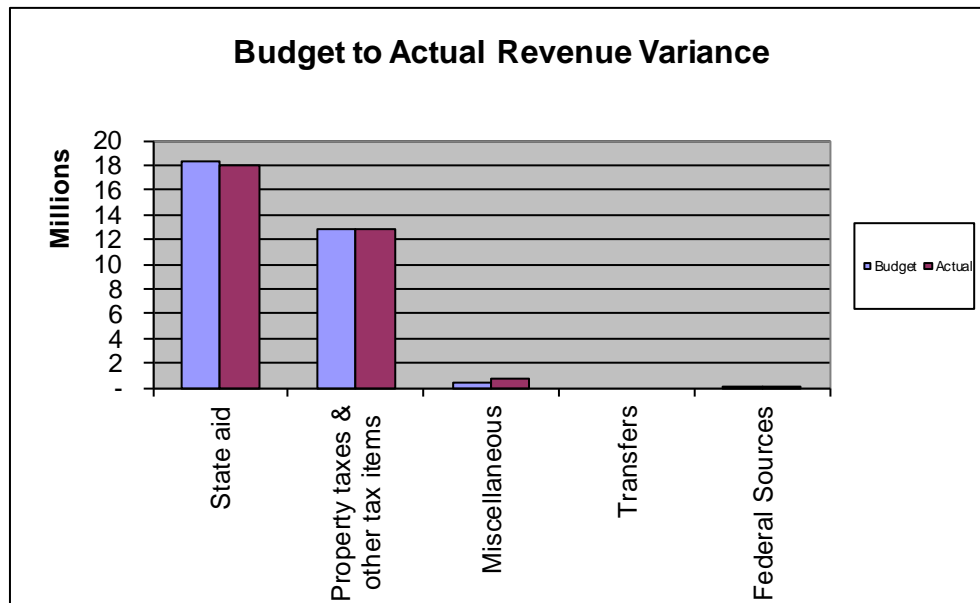
Fiduciary Funds. The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district wide financial statements because it cannot use these assets to finance its operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget is prepared according to New York State law. During the 2017-2018 school year the original budget increased \$583,641. The increases were \$394,015 from prior year encumbrances. The additional \$189,626 budget increase came from donations received from multiple individuals/organizations, insurance proceeds from a bus accident, and state aid grant.

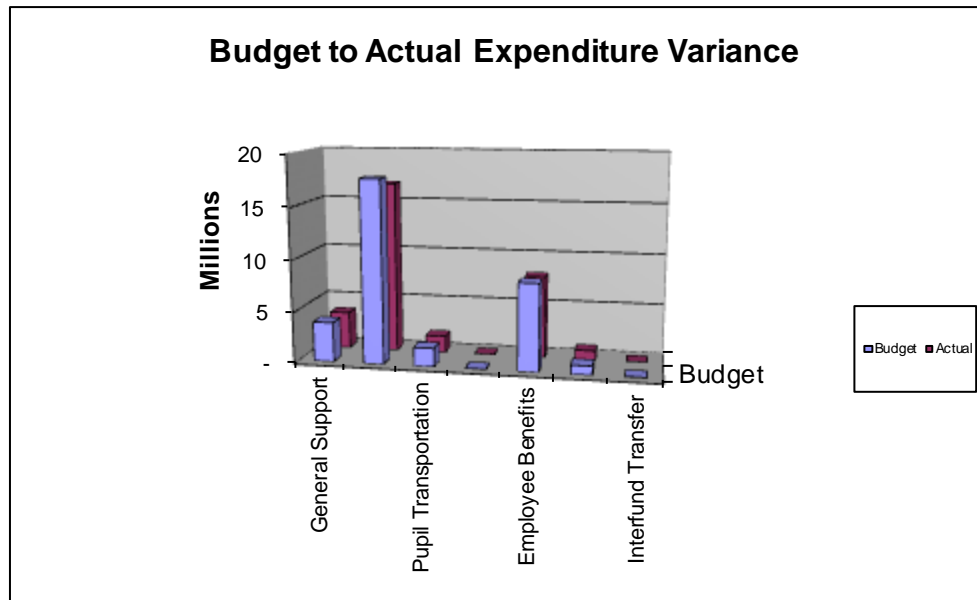
The budget increased 1.5% from 2016-2017 to 2017-2018, \$32,295,696 to \$32,779,680.

General fund actual revenues were over the budgeted amount by \$65,349. This was primarily due to the refund of prior year expenses from BOCES.



	Budget	Actual	Variance
State aid	18,234,823	18,056,205	(178,618)
Property taxes & other tax items	12,759,000	12,756,505	(2,495)
Miscellaneous	472,126	690,260	218,134
Transfers	-	-	-
Federal Sources	50,000	78,328	28,328
Total	31,515,949	31,581,298	65,349

General fund actual expenditures were less than the final budget by \$1,791,123. Half of the savings, \$965,118 came from instructional spending. Within this area are costs associated with special education and budgeting can be difficult because there are many unknown factors. Another area that saw significant savings, \$418,973, was employee benefits. There were also fewer employees who retired also contributing to lower than expected health costs.



	Budget	Actual	Variance
General Support	3,850,317	3,619,261	(231,056)
Instructional	17,726,838	16,761,720	(965,118)
Pupil Transportation	1,797,020	1,652,410	(144,610)
Community Services	27,112	26,839	(273)
Employee Benefits	8,443,948	8,024,975	(418,973)
Debt Service	884,445	884,445	-
Interfund Transfer	50,000	18,907	(31,093)
Total	32,779,680	30,988,557	(1,791,123)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2018, are as follows:

CAPITAL ASSETS

	June 30, 2018	June 30, 2017
Non-Depreciable Assets:		
Land	\$ 323,700	\$ 323,700
Construction in Process	-	3,464,642
Depreciable Assets:		
Building and Improvements	36,113,402	32,648,760
Machinery and Equipment	5,952,282	5,668,294
Total	<u>\$ 42,389,384</u>	<u>\$ 42,105,396</u>

The total increase in capital assets was \$283,988.

Debt

The District's total outstanding debt, as of June 30, 2018 was \$5,695,751, with \$626,107 due within one year. This amount is backed by the full faith and credit of the District with debt service fully funded by New York State building aid and voter approved property taxes.

OUTSTANDING DEBT

	Beginning	Ending
Serial Bonds	\$ 4,800,000	\$ 4,295,000
Installment Purchase Obligation	1,503,183	1,400,751
	<u>\$ 6,303,183</u>	<u>\$ 5,695,751</u>

Bond Ratings/Commitment for Capital Expenses/Debt Limitations

The District has been assigned an Aa3 rating by Moody's Investor Service. This rating reflects the District's strong ability to meet financial commitments, trend of satisfactory financial operations with historically ample reserves, manageable debt burden, and conservative management.

Currently, there are no outstanding commitments for capital expenses other than those already disclosed or any debt limitations that may affect financing. According to Local Finance Law, Section 104.000, the Statutory Debt Limit for the District currently stands at \$63,111,074, an amount that represents 10% of the most current full valuation of real property subject to taxation in the District. As compared to the total bonded debt indicated above, the difference is more than sufficient to cover needs for the foreseeable future.

Factors Bearing on the District's Future

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

Enrollment within the District

In general, student growth occurs when the number of students entering kindergarten exceeds the number of students who graduated the previous year. The lack of economic growth in the area has significantly contributed to this enrollment trend. Additionally, the number of births in the County has declined as well.

SARANAC CENTRAL SCHOOL DISTRICT ENROLLMENT PROJECTION Kindergarten to Senior Differential

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
K Enrollment	109	110	125	114	100	120
Senior Graduates	<u>125</u>	<u>126</u>	<u>112</u>	<u>98</u>	<u>112</u>	<u>102</u>
Differential	<u>(16)</u>	<u>(16)</u>	<u>13</u>	<u>16</u>	<u>(12)</u>	<u>18</u>
Total Estimated Population	<u><u>1,489</u></u>	<u><u>1,470</u></u>	<u><u>1,469</u></u>	<u><u>1,454</u></u>	<u><u>1,443</u></u>	<u><u>1,431</u></u>

The District began a Pre-K program in January 2018. The majority of the funding for this program is through a New York State grant. In September 2018, enrollment is expected to be 59 students, expanding the program to three classrooms.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designated to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. The report complies with finance related laws and regulations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Saranac Central School District, 32 Emmons Road, Dannemora, New York 12929.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 1

STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	June 30, 2018	Restated June 30, 2017
ASSETS		
Cash:		
Unrestricted	\$ 7,982,751	\$ 7,898,793
Restricted	3,956,826	3,972,845
Receivables:		
Accounts receivable	4,950	-
Due from other governments	413,102	413,535
State and federal aid	786,568	609,647
Inventories	12,993	17,452
Capital assets, net	21,499,064	21,814,039
Net pension asset-proportionate share	546,912	-
Total Assets	35,203,166	34,726,311
DEFERRED OUTFLOWS OF RESOURCES		
OPEB (GASB 75)	1,851,049	1,829,227
Pensions	8,303,725	8,344,196
Total Deferred Outflows of Resources	10,154,774	10,173,423
Total Assets and Deferred Outflow of Resources	\$ 45,357,940	\$ 44,899,734
LIABILITIES		
Payables:		
Accounts payable	\$ 245,569	\$ 459,652
Accrued liabilities	15,012	13,594
Due to other funds	55	-
Due to other governments	233	267
Due to teacher's retirement system	1,250,306	1,405,235
Due to employee's retirement system	106,050	109,424
Unearned revenue	9,969	36,050
Accrued bond interest	18,966	20,467
Overpayments	166,404	166,404
Long-term liabilities		
Due and payable within one year:		
Bonds payable - current	520,000	505,000
Installment purchase - current	106,107	102,432
Due and payable after one year		
Bonds payable - non-current, including amortized bond premium	4,248,221	4,816,736
Installment purchase - non-current	1,294,644	1,400,751
Compensated absences payable	1,045,053	1,035,051
Other post employment benefits	72,440,706	78,535,151
Net pension liability-proportionate share	302,105	1,662,413
Total Liabilities	81,769,400	90,268,627
DEFERRED INFLOWS OF RESOURCES		
OPEB (GASB 75)	8,133,979	-
Pensions	2,470,207	396,563
Total Deferred Inflows of Resources	10,604,186	396,563
NET POSITION		
Net Investment in capital assets	15,340,812	16,044,512
Restricted	3,815,865	3,832,101
Unrestricted fund	(66,172,323)	(65,642,069)
Total Net Position	(47,015,646)	(45,765,456)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 45,357,940	\$ 44,899,734

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES

Years Ended June 30, 2018 and 2017

	June 30, 2018				June 30, 2017
	PROGRAM REVENUES			NET (EXPENSE)	NET (EXPENSE)
				REVENUE AND	REVENUE AND
FUNCTIONS/ PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	CHANGES IN NET POSITION	CHANGES IN NET POSITION
General support	\$ (3,898,289)	\$ -	\$ -	\$ (3,898,289)	\$ (3,502,236)
Instruction	(18,045,376)	-	1,183,151	(16,862,225)	(16,132,553)
Pupil transportation	(1,672,296)	-	-	(1,672,296)	(1,516,406)
Community service	(26,839)	-	-	(26,839)	(20,362)
Employee benefits	(10,479,723)	-	-	(10,479,723)	(12,223,337)
Debt service	(226,997)	-	-	(226,997)	(246,228)
Capital outlay	(435,770)	-	-	(435,770)	
School lunch program	(198,757)	237,577	351,144	389,964	390,967
Total Functions and Programs	\$ (34,984,047)	\$ 237,577	\$ 1,534,295	(33,212,175)	(33,250,155)
GENERAL REVENUES					
Real property taxes				10,608,307	10,556,642
Other tax items				2,148,198	2,200,454
Charges for services				43,777	57,342
Use of money and property				15,046	19,593
Sale of property and compensation for loss				116,771	31,503
Miscellaneous				460,183	669,628
State Sources				18,491,975	17,209,755
Federal Sources				78,328	53,003
Total General Revenues				31,962,585	30,797,920
Change in Net Position				(1,249,590)	(2,452,235)
Total Net Position - Beginning of Year				(45,765,456)	(9,291,985)
Prior period adjustment (Note 16 and 17)				(600)	(34,021,236)
Total Net Position - End of Year				\$ (47,015,646)	\$ (45,765,456)

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET-GOVERNMENTAL FUNDS

June 30, 2018 and 2017

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	6/30/2018 TOTAL	6/30/2017 TOTAL
ASSETS						
Unrestricted cash	\$ 7,859,266	\$ 123,485	\$ -	\$ -	\$ 7,982,751	\$ 7,898,793
Restricted cash	2,397,326	-	1,548,780	10,720	3,956,826	3,972,845
Accounts receivable	4,205	745	-	-	4,950	-
Due from other funds	300,373	72	-	-	300,445	289,131
State and federal aid receivable	558,564	228,004	-	-	786,568	609,647
Due from other governments	413,102	-	-	-	413,102	413,535
Inventories	-	12,993	-	-	12,993	17,452
Total Assets	\$ 11,532,836	\$ 365,299	\$ 1,548,780	\$ 10,720	\$ 13,457,635	\$ 13,201,403
LIABILITIES						
Accounts payable	\$ 244,444	\$ 1,125	\$ -	\$ -	\$ 245,569	\$ 459,652
Accrued liabilities	15,012	-	-	-	15,012	13,594
Due to other governments	-	233	-	-	233	267
Due to other funds	127	300,373	-	-	300,500	289,131
Due to teachers' retirement system	1,241,183	9,123	-	-	1,250,306	1,405,235
Due to employees' retirement system	97,884	8,166	-	-	106,050	109,424
Unearned revenue	2,075	7,894	-	-	9,969	36,050
Overpayments	166,404	-	-	-	166,404	166,404
Total Liabilities	1,767,129	326,914	-	-	2,094,043	2,479,757
FUND BALANCES						
Nonspendable:						
Inventories	-	12,993	-	-	12,993	17,452
Restricted:						
Capital Projects	-	-	-	10,720	10,720	11,320
Retirement contributions	1,107,338	-	-	-	1,107,338	1,105,689
Unemployment insurance	202,015	-	-	-	202,015	201,711
Capital reserve	921,092	-	-	-	921,092	919,799
Debt reserve	25,920	-	1,548,780	-	1,574,700	1,593,582
Assigned:						
Appropriated fund balance	910,523	-	-	-	910,523	869,716
School Lunch	-	-	-	-	-	-
Encumbrances (Note 10)	12,597	-	-	-	12,597	-
Unassigned:						
Tax reduction reserve	140,961	-	-	-	140,961	140,744
Unassigned Fund Balance	6,445,261	-	-	-	6,445,261	5,467,618
Total Fund Balances	9,765,707	12,993	1,548,780	10,720	11,338,200	10,327,631
Total Liabilities and Fund Balance	\$ 11,532,836	\$ 339,907	\$ 1,548,780	\$ 10,720	\$ 13,432,243	\$ 12,807,388

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Years Ended June 30, 2018 and 2017

					6/30/2018	6/30/2017
	General	Special Revenue	Debt Service	Capital Projects	TOTAL	TOTAL
REVENUES						
Real property taxes	\$ 10,608,307	\$ -	\$ -	\$ -	\$ 10,608,307	\$ 10,556,642
Other tax items	2,148,198	-	-	-	2,148,198	2,200,454
Charges for services	43,777	-	-	-	43,777	57,342
Use of money and property	13,513	63	1,470	-	15,046	19,593
Sale of property and compensation for loss	181,654	-	-	-	181,654	31,503
Miscellaneous	451,316	8,867	-	-	460,183	669,628
State Sources	18,056,205	314,917	-	435,770	18,806,892	17,332,467
Federal sources	78,328	1,219,378	-	-	1,297,706	1,210,734
Sales	-	237,577	-	-	237,577	249,332
Total Revenues	31,581,298	1,780,802	1,470	435,770	33,799,340	32,327,695
EXPENDITURES						
General support	3,619,261	268,974	-	-	3,888,235	3,481,676
Instruction	16,761,720	1,027,599	-	-	17,789,319	16,502,299
Pupil transportation	1,652,410	25,903	-	-	1,678,313	1,491,082
Community service	26,839	-	-	-	26,839	20,362
Employee benefits	8,024,975	230,141	-	-	8,255,116	7,913,072
Debt service	884,445	-	-	-	884,445	884,245
Capital outlay	-	-	-	435,770	435,770	576,506
Cost of sales	-	198,757	-	-	198,757	232,042
Total Expenditures	30,969,650	1,751,374	-	435,770	33,156,794	31,101,284
Excess (Deficit) of Revenues over Expenditures	611,648	29,428	1,470	-	642,546	1,226,411

See Notes to the Financial Statements.

OTHER SOURCES AND USES

Operating transfers in	-	18,907	-	-	18,907	163,642
Operating transfers (out)	(18,907)	-	-	-	(18,907)	(163,642)
Total Other Sources and Uses	<u>(18,907)</u>	<u>18,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	592,741	48,335	1,470	-	642,546	1,226,411
Fund Balances, Beginning of Year, as Previously Stated	9,172,966	(9,950)	1,547,310	11,320	10,721,646	9,495,235
Prior period adjustment	-	-	-	(600)	(600)	-
Fund Balances, Beginning of Year, as Restated	<u>9,172,966</u>	<u>(9,950)</u>	<u>1,547,310</u>	<u>10,720</u>	<u>10,721,046</u>	<u>9,495,235</u>
Fund Balances, End of Year	<u>\$ 9,765,707</u>	<u>\$ 38,385</u>	<u>\$ 1,548,780</u>	<u>\$ 10,720</u>	<u>\$ 11,363,592</u>	<u>\$ 10,721,646</u>

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018 and 2017

	Private Purpose Trust	Agency	6/30/2018 Total	6/30/2017 Total
ASSETS				
Cash	\$ 144,677	\$ 75,864	\$ 220,541	\$ 190,635
Due to other funds	-	55	55	-
Total Assets	<u>\$ 144,677</u>	<u>\$ 75,919</u>	<u>\$ 220,596</u>	<u>\$ 190,635</u>
LIABILITIES				
Extraclassroom activities	\$ -	\$ 51,307	\$ 51,307	\$ 45,776
Other liabilities	-	24,612	24,612	3,022
Total Liabilities	<u>-</u>	<u>75,919</u>	<u>75,919</u>	<u>48,798</u>
NET POSITION				
Reserved for scholarships	<u>144,677</u>	<u>-</u>	<u>144,677</u>	<u>141,837</u>
Total Net Position	<u>144,677</u>	<u>-</u>	<u>144,677</u>	<u>141,837</u>
Total Liabilities and Net Position	<u>\$ 144,677</u>	<u>\$ 75,919</u>	<u>\$ 220,596</u>	<u>\$ 190,635</u>

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 6

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

	<u>6/30/2018</u>	<u>6/30/2017</u>
	<u>Expendable Trust</u>	<u>Expendable Trust</u>
ADDITIONS		
Gifts and contributions	\$ 9,575	\$ 350
Use of money and property	<u>145</u>	<u>173</u>
Total Additions	<u>9,720</u>	<u>523</u>
DEDUCTIONS		
Scholarships	<u>6,880</u>	<u>5,180</u>
Changes in Net Position	2,840	(4,657)
Net Position, Beginning of Year	<u>141,837</u>	<u>146,494</u>
Net Position, End of Year	<u><u>\$ 144,677</u></u>	<u><u>\$ 141,837</u></u>

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 7

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

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET ASSETS TOTALS
ASSETS				
Unrestricted cash	\$ 7,982,751	\$ -	\$ -	\$ 7,982,751
Restricted cash	3,956,826	-	-	3,956,826
Accounts receivable	4,950	-	-	4,950
Due from other funds	300,445	-	(300,445)	-
State and federal aid receivable	786,568	-	-	786,568
Due from other governments	413,102	-	-	413,102
Inventories	12,993	-	-	12,993
Fixed assets	-	21,499,064	-	21,499,064
Net pension asset-proportionate share	-	546,912	-	546,912
Total Assets	13,457,635	22,045,976	(300,445)	35,203,166
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	1,851,049	-	1,851,049
Pensions	-	8,303,725	-	8,303,725
Total Assets and Deferred Outflows of Resources	13,457,635	32,200,750	(300,445)	45,357,940
LIABILITIES				
Accounts payable	\$ 245,569	\$ -	\$ -	\$ 245,569
Accrued liabilities	15,012	-	-	15,012
Accrued bond interest	-	18,966	-	18,966
Due to other funds	300,500	-	(300,445)	55
Due to other governments	233	-	-	233
Due to teachers' retirement system	1,250,306	-	-	1,250,306
Due to employees' retirement system	106,050	-	-	106,050
Unearned revenue	9,969	-	-	9,969
Overpayments	166,404	-	-	166,404
Bonds payable and other long-term debt	-	6,168,972	-	6,168,972
Compensated absences	-	1,045,053	-	1,045,053
Other post employment benefits	-	72,440,706	-	72,440,706
Net pension liability-proportionate share	-	302,105	-	302,105
Total Liabilities	2,094,043	79,975,802	(300,445)	81,769,400
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	8,133,979	-	8,133,979
Pensions	-	2,470,207	-	2,470,207
Total Deferred Inflows of Resources	-	10,604,186	-	10,604,186
FUND EQUITY/NET POSITION				
Total Fund Equity/ Net Position	11,338,200	(58,379,238)	-	(47,041,038)
Total Liabilities, Deferred Inflows of Resources and Fund Equity/NetPosition	\$ 13,432,243	\$ 32,200,750	\$ (300,445)	\$ 45,332,548

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 8

**RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 10,608,307	\$ -	\$ -	\$ -	\$ -	\$ 10,608,307
Other tax items	2,148,198	-	-	-	-	2,148,198
Charges for services	43,777	-	-	-	-	43,777
Use of money and property	15,046	-	-	-	-	15,046
Sale of property and compensation for loss	181,654	-	(64,883)	-	-	116,771
Miscellaneous	460,183	-	-	-	-	460,183
State Sources	18,806,892	-	-	-	-	18,806,892
Federal sources	1,297,706	-	-	-	-	1,297,706
Sales	237,577	-	-	-	-	237,577
Total Revenues	33,799,340	-	(64,883)	-	-	33,734,457
EXPENDITURES						
General support	3,888,235	-	10,054	-	-	3,898,289
Instruction	17,789,319	10,002	246,055	-	-	18,045,376
Pupil transportation	1,678,313	-	(6,017)	-	-	1,672,296
Community service	26,839	-	-	-	-	26,839
Employee benefits	8,255,116	2,224,607	-	-	-	10,479,723
Debt service	884,445	(1,501)	-	(704,462)	-	178,482
Capital outlay	435,770	-	-	-	-	435,770
Cost of sales	198,757	-	-	-	-	198,757
Total Expenditures	33,156,794	2,233,108	250,092	(704,462)	-	34,935,532
Excess (Deficit) of Revenues over Expenditures	642,546	(2,233,108)	(314,975)	704,462	-	(1,201,075)
OTHER SOURCES AND USES						
Operating transfers in	18,907	-	-	-	(18,907)	-
Operating transfers out	(18,907)	-	-	-	18,907	-
Total Other Sources and Uses	-	-	-	-	-	-
Net Change for the Year	\$ 642,546	\$ (2,233,108)	\$ (314,975)	\$ 704,462	\$ -	\$ (1,201,075)

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

- A. Reporting entity: The Saranac Central School District (the "District") is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Saranac Central School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Saranac Central School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Extraclassroom Activity Funds: The Extraclassroom activity funds of the Saranac Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the School District.

B. Basis of presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Nonmajor funds are aggregated and presented in a single column. The District elects to report all governmental funds as major funds.

The District reports the following major governmental funds:

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

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

- School Lunch Fund - used to account for transactions for the School District food service programs.
- Special Aid Fund - used to account for special operating projects or programs supported in whole, or in part, with federal funds or state grants.

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

Debt Service - the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Fiduciary Fund - the fiduciary funds consist of expendable trust and non-expendable trust that are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Expendable trust includes scholarship funds and extraclassroom activity funds. Non-expendable trust are agency funds that are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

C. Measurement Focus and Basis of Accounting

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

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

- a. Prepaids and inventory-type items are recognized at the time of purchase.
 - b. Principal and interest on indebtedness are not recognized as an expenditure until due.
 - c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
 - d. Pension costs are recognized as an expenditure when billed by the state.
 - e. The School District recognizes the cost of providing post-retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.
- D. Inventories: Inventories of food and supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.
- E. Capital assets: Capital assets are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the School District, and are also reflected in the general fixed asset group of accounts. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight Line	20-50 years
Land Improvements	\$ 5,000	Straight Line	15-30 years
Machinery and Equipment	\$ 5,000	Straight Line	5-20 years

- F. Retirement plan: The School District provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.
- G. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- H. Other Assets: In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same cost are netted against bond proceeds and recognized in the period of issuance.
- I. Unearned Revenue: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability of unearned revenues is removed and revenues are recognized.
- J. General long-term debt: Bonds, capital notes and bond anticipation notes issued for capital projects are recognized when issued.
- K. Budgetary Procedures and Budgetary Accounting
- 1) General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the School District.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred.

The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types.

Budget appropriations lapse at year-end.

2) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

L. Equity Classifications:

District- wide statements:

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

Invested in capital assets, net of related debt – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

Fund statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$12,993.

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

Capital

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

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

Retirement Contributions

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

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Tax Certiorari

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

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to State Unemployment Insurance fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Encumbrances

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

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

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

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

general use by the School District.

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

Order of Use of Fund Balance:

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

- M. Reclassifications: Certain amounts in the 2017 financial statements may have been reclassified to conform to the 2018 presentation.
- N. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2018 and September 21, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.
- O. Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.
- P. Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item is. District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide statement of Net Position. This amount represents employer contributions subsequent to the measurement date.

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

Q. New Accounting Standards:

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

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

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

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

A. Total fund balances of governmental funds vs. net assets of governmental activities:

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

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

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

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

Ending fund balance reported on governmental funds Statement	
of Revenues, Expenditures, and Changes in Fund Balance (Exhibit 3)	\$ 11,363,592
Capital assets net of related depreciation	21,499,064
Net pension asset	546,912
Deferred outflows:	
Pensions - TRS	7,346,434
Pensions - ERS	957,291
OPEB (GASB 75)	1,851,049
Liabilities, long term	
Accrued bond interest	(18,966)
Bonds payable, including bond premium	(6,168,972)
Other post employment benefits	(72,440,706)
Compensated absences	(1,045,053)
Net pension liability	(302,105)

SARANAC CENTRAL SCHOOL DISTRICT

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

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

Deferred inflows:

Pensions - TRS	(1,503,880)
Pensions - ERS	(966,327)
OPEB (GASB 75)	<u>(8,133,979)</u>

Ending net position reported on Statement of Activities for governmental activities (Exhibit 1)	<u>\$ (47,015,646)</u>
---	------------------------

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

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

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

SARANAC CENTRAL SCHOOL DISTRICT

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

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

4. Other Post-Employment Benefits Differences

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

5. Pension Differences

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

Following are reconciliations of revenues and expenditures Governmental Funds to Statement of Activities.

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

Total Revenues and other Funding Sources

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 33,799,340
Loss on disposal of capital assets	<u>(64,883)</u>
Total revenues of governmental activities in the Statement of Activities (Exhibit 8)	<u>\$ 33,734,457</u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds (Exhibit 4)	\$ 33,156,794
---	---------------

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned was greater than the amount used during the year. (Exhibit 8)

10,002

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current year. (Exhibit 8)

250,092

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

In the Statement of Activities, accrued interest expense is measured by the amount accrued at the end of the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Accrued interest was less than the amount accrued during the prior year. (Exhibit 8)

(1,501)

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

2,017,712

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

Teachers' Retirement System

226,158

Employees' Retirement System

(19,263)

The following items are reported as expenditures and other uses in the governmental funds, but reduce long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities: (Exhibit 2)

Repayment of bonds

(607,432)

Bond amortization

(48,515)

Total expenses reported on the Statement of Activities (Exhibit 8)

\$ 34,984,047

Note 3. Cash and Investments

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

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

At June 30, 2018, the District's bank balances totaled \$13,322,071, of which \$750,000 was covered by Federal depository insurance and \$12,572,701 was covered by collateral held by the pledging banks in the District's name.

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 4. Interfund Balances and Activity

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

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 300,373	\$ 127	\$ -	\$ 18,907
Special Revenue:				
School lunch	72	651	-	-
Special aid	-	299,722	18,907	-
Agency	55	-	-	-
Total	<u>\$ 300,500</u>	<u>\$ 300,500</u>	<u>\$ 18,907</u>	<u>\$ 18,907</u>

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

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

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

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

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 5. Capital Assets

The following is a summary of changes in capital assets:

Capital Assets

	June 30, 2017 Beginning Balance	Additions	Retirements/ Reclassifications	June 30, 2018 Ending Balance
Governmental activities				
Capital assets that are not depreciated:				
Land	\$ 323,700	\$ -	\$ -	\$ 323,700
Construction in progress	3,464,642	-	3,464,642	-
	<u>3,788,342</u>	<u>-</u>	<u>3,464,642</u>	<u>323,700</u>
Capital assets that are depreciated:				
Buildings	31,288,310	3,464,642	-	34,752,952
Land improvements	1,360,450	-	-	1,360,450
Machinery and equipment	1,965,532	447,191	21,042	2,391,681
Licensed Vehicles	3,702,762	376,495	518,656	3,560,601
Total depreciable historical cost	<u>38,317,054</u>	<u>4,288,328</u>	<u>539,698</u>	<u>42,065,684</u>
Less accumulated depreciation:				
Buildings	15,462,975	527,101	-	15,990,076
Land improvements	1,141,147	16,598	-	1,157,745
Machinery and equipment	1,283,432	177,160	21,042	1,439,550
Licensed Vehicles	2,403,803	352,919	453,773	2,302,949
Total accumulated depreciation	<u>20,291,357</u>	<u>1,073,778</u>	<u>474,815</u>	<u>20,890,320</u>
 Total depreciable historical cost, net	 <u>\$ 21,814,039</u>	 <u>\$ 3,214,550</u>	 <u>\$ 3,529,525</u>	 <u>\$ 21,499,064</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 28,261
Instruction	675,039
Pupil transportation	370,478
Total depreciation	<u>\$ 1,073,778</u>

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 6. Compensated Absences

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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

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

Note 7. Indebtedness

Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. At June 30, 2018, the District has no outstanding Bond Anticipation Notes.

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

	Restated Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Serial Bond 2014	\$ 495,000	\$ -	\$ 245,000	\$ 250,000
Serial Bond 2014	4,305,000	-	260,000	4,045,000
Installment Purchase 2013	1,503,183	-	102,432	1,400,751
Compensated Absences	1,035,051	10,002	-	1,045,053
Other Post Employment Benefits	78,535,151	-	6,094,445	72,440,706
Bond premiums, net of amortization	521,736	-	48,515	473,221
Total	<u>\$ 85,873,385</u>	<u>\$ 10,002</u>	<u>\$ 6,750,392</u>	<u>\$ 79,654,731</u>

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 7. Indebtedness (continued)

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/18
Serial Bond 2014	6/16/2014	6/16/2019	2.00%	\$ 250,000
Serial Bond 2014	6/10/2014	6/15/2030	5.00%	4,045,000
Installment Purchase 2013	9/6/2013	4/15/2029	3.540%	1,400,751
Plus: Bond premium, net of amortization				473,221
Total				<u>\$ 6,168,972</u>

The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 626,107	\$ 256,032	\$ 882,139
2020	394,913	233,132	628,045
2021	413,856	214,939	628,795
2022	432,940	195,855	628,795
2023	452,171	175,874	628,045
2024-2028	2,594,824	545,651	3,140,475
2029-2033	780,940	46,104	827,044
	<u>\$ 5,695,751</u>	<u>\$ 1,667,587</u>	<u>\$ 7,363,338</u>

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

Interest paid	\$ 277,013
Less: interest accrued in the prior year	(20,467)
amortization of bond premium	(48,515)
Plus: interest accrued in the current year	<u>18,966</u>
	<u>\$ 226,997</u>

Note 8. Pensions

General information

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

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 8. Pensions (continued)

Provisions and administrations

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal

SARANAC CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8. Pensions (continued)

year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

CONTRIBUTIONS

	ERS	TRS
2018	\$ 425,816	\$ 1,391,849
2017	\$ 418,769	\$ 1,519,779
2016	\$ 477,165	\$ 1,992,816

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

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

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

	ERS	TRS
Actuarial valuation date	3/31/2018	6/30/2017
Net pension asset/(liability)	\$ (302,105)	\$ 546,912
District's portion of the Plan's total Net pension asset/(liability)	-0.0100000%	0.071953%

For the year ended June 30, 2018, the District's recognized pension expense of \$403,181 for ERS and the Actuarial Value \$1,403,190 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 8. Pensions (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 107,751	\$ 449,974	\$ 89,041	\$ 213,235
Changes of assumptions	200,321	5,564,933	-	-
Net difference between projected and actual earnings on pension plan investments	438,784	-	866,115	1,288,135
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	104,385	142,975	11,171	2,510
District's contributions subsequent to the measurement date	106,050	1,188,552	-	-
Total	<u>\$ 957,291</u>	<u>\$ 7,346,434</u>	<u>\$ 966,327</u>	<u>\$ 1,503,880</u>

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

	ERS	TRS
Year ended:		
2018	\$ -	\$ 154,751
2019	102,623	1,500,500
2020	76,482	1,081,798
2021	(202,365)	289,747
2022	(91,826)	1,078,733
Thereafter	-	548,473
Total	<u>\$ (115,086)</u>	<u>\$ 4,654,002</u>

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8. Pensions (continued)

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

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 20, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

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

The Long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized below:

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 8. Pensions (continued)

Measurement Date	<u>ERS</u> 3/31/2018	<u>TRS</u> 6/30/2017
Asset Type:	%	%
Domestic equity	4.55	5.90
International equity	6.35	7.40
Private equities	7.50	9.00
Real estate	5.55	4.30
Absolute return strategies	3.75	-
Domestic fixed income securities	-	1.60
Global fixed income securities	-	1.30
High-yield fixed income securities	-	3.90
Mortgages and bonds	1.31	2.80
Opportunistic portfolio	5.68	-
Real assets	5.29	-
Cash	(0.25)	-
Inflation-indexed bonds	1.25	-
Short-term	-	0.60

Discount Rate

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

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

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

SARANAC CENTRAL SCHOOL DISTRICT

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

Note 8. Pensions (continued)

ERS	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
Employer's proportionate share of the net pension asset (liability)	\$ (2,285,809)	\$ (302,105)	\$ 1,376,029
TRIS	1% Decrease 6.25%	Current Assumption 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension asset (liability)	\$ (9,421,668)	\$ 546,912	\$ 8,895,103

Pension Plan Fiduciary Net Position

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

	ERS	TRIS	Total
Valuation date	3/31/2018	6/30/2017	
Employers' total pension asset/(liability)	\$ (183,400,590)	\$ (114,708,261,032)	\$ (114,891,661,622)
Plan Net Position	180,173,145	115,468,360,316	115,648,533,461
Employers' net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099,284</u>	<u>\$ 756,871,839</u>
Ratio of plan net position to the Employers' total pension asset/ (liability)	98.24%	100.66%	100.66%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$106,050.

For TRIS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2018 based on paid TRIS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRIS System. Accrued retirement contributions as of June 30, 2018 amounted to \$1,250,306.

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 9. Post-Employment (Health Insurance) Benefits

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$2,417,265 for 188 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	190
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>260</u>
	<u>450</u>

B. Total OPEB Liability

The District's total OPEB liability of \$72,440,706 was measured as of July 1, 2017, and was determined by an actuarial valuation as July 1, 2016.

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

Inflation	2.2 percent
Salary Increases	3.4 percent

SARANAC CENTRAL SCHOOL DISTRICT

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

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

Discount Rate	3.6 percent
Healthcare Cost Trend Rates	6.5 percent for 2018, decreasing annually to an ultimate rate of 3.84 percent for 2087 and later years

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

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 78,535,151</u>
<u>Changes for the Year-</u>	
Service Cost	3,164,420
Interest	2,302,372
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(9,732,010)
Benefit payments	<u>(1,829,227)</u>
Net Changes	<u>(6,094,445)</u>
Balance at June 30, 2018	<u><u>\$ 72,440,706</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% percent in 2017 to 3.6% percent in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.60 percent) or 1 percentage point higher (4.60 percent) than the current discount rate:

	1% Decrease 2.60%	Discount Rate 3.60%	1% Increase 4.60%
Total OPEB Liability	<u>\$ 85,812,550</u>	<u>\$ 72,440,706</u>	<u>\$ 61,828,903</u>

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 60,030,629</u>	<u>\$ 72,440,706</u>	<u>\$ 88,698,480</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$3,868,761. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	8,133,979
Contributions subsequent to the measurement period	<u>1,851,049</u>	<u>-</u>
Total	<u>\$ 1,851,049</u>	<u>\$ 8,133,979</u>

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

Fiscal Year Ending June 30,	Amount
2019	\$ (1,598,031)
2020	(1,598,031)
2021	(1,598,031)
2022	(1,598,031)
2023 and Thereafter	<u>(1,741,855)</u>
	<u>\$ (8,133,979)</u>

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 10. Assigned Fund Balance – Encumbrances

Assigned Fund Balance – Encumbrances as follows:

<u>General Fund</u>	<u>2018</u>	<u>2017</u>
General Support	\$ 2,505	\$ 250,195
Teaching - regular school	-	19,651
Programs for children with hadicap	-	60,690
Instructional media	-	937
Pupil services	6,134	34,031
Employee benefits	3,958	28,511
	<u>12,597</u>	<u>394,015</u>

Note 11. Commitments and Contingencies

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

The District participates in the Clinton-Essex-Warren-Washington BOCES Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of the individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide unlimited coverage for its members per insured event. The pool obtains independent coverage for insured events, and the District has essentially transferred all related risk to the pool.

The District participates in the Clinton-Essex-Warren-Washington BOCES Workers Compensation Insurance Consortium, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District has no liability as of June 30, 2018.

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

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 12. Joint Venture

The Saranac Central School is one of 17 component school districts in the Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2018, the Saranac Central School District was billed \$3,295,831 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2018, the Saranac Central School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES income amounted to \$946,329. BOCES also refunded the District \$251,722 for excess expenses billed in prior years.

Note 13. Stewardship

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2018 was \$6,445,261 which represents 19.44% of next year's budget. The excess amounted to \$5,118,975.

Note 15. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2017 financial statements, and in our report dated September 26, 2017 we expressed an unmodified opinion.

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 16: Change in Accounting Principles

For the year ended June 30, 2018 the District implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of Statement No. 75 requires Districts to report Other Postemployment Benefits (OPEB), liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The District's net position has been restated as follows:

Net position beginning of year, as previously stated			\$ (11,744,220)
GASB Statement no. 75 implementation:			
OPEB Liability 06/30/17, as previously stated	42,684,688		
OPEB Liability 06/30/17, restated	<u>78,535,151</u>		
Increase in liability	(35,850,463)	(35,850,463)	
Deferred outflow or resources for contributions subsequent to measurement date, 06/30/17, as previously stated	-		
06/30/17, restated	<u>1,829,227</u>		
Increase in deferred outflow	1,829,227	<u>1,829,227</u>	
Net Position beginning of year, as restated			<u><u>\$ (45,765,456)</u></u>

Note 17: Prior Period Adjustment

For the year ended June 30, 2018, an invoice that was being reported in Accounts Payable on the Capital Project Fund for \$600 from a prior period was discovered to have been paid by the General Fund in a prior period. An adjustment to fund balance was made to correct the error.

SARANAC CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

June 30, 2018 and 2017

	Special Aid	School Lunch	6/30/2018 Total	6/30/2017 Total
ASSETS				
Unrestricted cash	\$ 89,860	\$ 33,625	\$ 123,485	215,973
Accounts receivable	-	745	745	-
State and federal aid receivable	228,004	-	228,004	50,012
Due from other funds	-	72	72	6,196
Inventories	-	12,993	12,993	17,452
Total assets	\$ 317,864	\$ 47,435	\$ 365,299	\$ 289,633
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 1,125	\$ -	\$ 1,125	-
Due to other funds	299,722	651	300,373	282,315
Due to other governments	-	233	233	267
Due to TRS	9,123	-	9,123	-
Due to ERS	-	8,166	8,166	9,372
Unearned revenue	7,894	-	7,894	7,629
Total liabilities	317,864	9,050	326,914	299,583
Fund Balance:				
Nonspendable				
Inventory	-	12,993	12,993	17,452
Assigned				
School Lunch	-	25,392	25,392	-
Unassigned				
School Lunch	-	-	-	(27,402)
Total fund balance	-	38,385	38,385	(9,950)
Total liabilities and fund balance	\$ 317,864	\$ 47,435	\$ 365,299	\$ 289,633

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND
Years Ended June 30, 2018 and 2017

	<u>Special Aid</u>	<u>School Lunch</u>	<u>6/30/2018 Total</u>	<u>6/30/2017 Total</u>
REVENUES				
Use of Money and Property	\$ -	\$ 63	\$ 63	\$ 43
Miscellaneous	5,684	3,183	8,867	4,714
State Sources	303,144	11,773	314,917	122,712
Federal Sources	880,007	339,371	1,219,378	1,157,731
Sales	-	237,577	237,577	249,332
Total revenues	<u>1,188,835</u>	<u>591,967</u>	<u>1,780,802</u>	<u>1,534,532</u>
EXPENDITURES				
General Support	5,684	263,290	268,974	270,773
Instruction	1,027,599	-	1,027,599	791,870
Pupil Transportation	25,903	-	25,903	27,161
Employee Benefits	148,556	81,585	230,141	218,961
Cost of sales	-	198,757	198,757	232,042
Total expenditures	<u>1,207,742</u>	<u>543,632</u>	<u>1,751,374</u>	<u>1,540,807</u>
OTHER SOURCES				
Operating Transfers In	18,907	-	18,907	35,377
Total Other Sources	<u>18,907</u>	<u>-</u>	<u>18,907</u>	<u>35,377</u>
Excess (deficit) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 48,335</u>	<u>\$ 48,335</u>	<u>\$ 29,102</u>

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT**

For the Year Ended June 30, 2018

Original budget		\$ 32,196,039
Additions:		
Encumbrances - fiscal year 2017	\$	394,015
Gifts and donations and insurance recoveries		139,626
State grants and aid		50,000
Total additions		<u>583,641</u>
Revised budget		<u><u>\$ 32,779,680</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 expenditure budget \$ 33,157,151

Maximum allowed (4% of 2018-19 budget)

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

Unrestricted fund balance:		
Committed fund balance	\$	-
Assigned fund balance		923,120
Unassigned fund balance		<u>6,586,222</u>
Total unrestricted fund balance		<u>7,509,342</u>

Less:		
Appropriated fund balance	\$	910,523
Insurance recovery reserve		-
Tax reduction reserve		140,961
Encumbrances included in assigned fund balance		<u>12,597</u>
Total adjustments		<u>1,064,081</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 6,445,261</u></u>
--	----------------------------

Actual percentage	<u><u>19.44%</u></u>
-------------------	----------------------

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local Sources:				
Real property taxes	\$ 10,599,000	\$ 10,599,000	\$ 10,608,307	\$ 9,307
Other tax items	2,160,000	2,160,000	2,148,198	(11,802)
Charges for services	46,000	46,000	43,777	(2,223)
Use of money and property	11,000	11,000	13,513	2,513
Sale of property and compensation for loss	45,000	175,855	181,654	5,799
Miscellaneous	230,500	239,271	451,316	212,045
State sources	18,184,823	18,234,823	18,056,205	(178,618)
Federal sources	50,000	50,000	78,328	28,328
Total Revenues	31,326,323	31,515,949	31,581,298	65,349
Other Financing Sources				
Interfund Transfers	-	-	-	
Appropriated Reserves	-	394,015	-	
Total Unreserved Fund Balance	-	394,015	-	
Total revenues and appropriated fund balance	\$ 31,326,323	\$ 31,909,964	\$ 31,581,298	

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 15,125	\$ 15,642	\$ 13,745	\$ -	\$ 1,897
Central administration	207,173	209,075	206,262	-	2,813
Finance	316,015	323,520	308,803	-	14,717
Staff	86,865	92,754	80,993	1,700	10,061
Central services	2,388,220	2,600,700	2,414,599	805	185,296
Special items	603,117	608,626	594,859	-	13,767
Instructional:					
Instruction, administration and improvement	996,686	982,716	955,421	-	27,295
Teaching - regular school	8,260,940	8,305,782	8,012,771	-	293,011
Programs for Children with Handicapping	5,069,896	5,081,822	4,522,554	-	559,268
Occupational Education	1,006,464	1,006,464	972,380	-	34,084
Instructional media	638,911	717,324	707,055	-	10,269
Pupil service	1,620,197	1,632,730	1,591,539	-	41,191
Pupil transportation	1,615,548	1,797,020	1,652,410	6,134	138,476
Community Services	21,000	27,112	26,839	-	273
Employee benefits	8,415,437	8,443,948	8,024,975	3,958	415,015
Debt Service	884,445	884,445	884,445	-	-
Total expenditures	32,146,039	32,729,680	30,969,650	12,597	1,747,433
Other uses:					
Interfund transfer	50,000	50,000	18,907	-	31,093
Total expenditures and other uses	\$ 32,196,039	\$ 32,779,680	30,988,557	\$ 12,597	\$ 1,778,526
 Net change in fund balance	 (869,716)	 (869,716)	 592,741		
 Fund balance - beginning	 9,172,966	 9,172,966	 9,172,966		
 Fund balance - ending	 <u>\$ 8,303,250</u>	 <u>\$ 8,303,250</u>	 <u>\$ 9,765,707</u>		

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2018

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Overexpended) Unexpended Balance	Methods of Financing				Fund Balance June 30, 2018
							Proceeds of Obligations	State Aid	Local Sources	Total	
Upgrades Phase 3	\$ 499,330	\$ 499,330	\$ 610,837	\$ -	\$ 610,837	\$ (111,507)	\$ 600,000	\$ -	\$ 21,557	\$ 621,557	\$ 10,720
Smart Schools	435,770	435,770	-	435,770	435,770	-	-	435,770	-	435,770	-
Total Project	<u>\$ 935,100</u>	<u>\$ 935,100</u>	<u>\$ 610,837</u>	<u>\$ 435,770</u>	<u>\$ 1,046,607</u>	<u>\$ (111,507)</u>	<u>\$ 600,000</u>	<u>\$ 435,770</u>	<u>\$ 21,557</u>	<u>\$ 1,057,327</u>	<u>\$ 10,720</u>

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS PLAN Year Ended June 30, 2018

	<u>2018</u>
Measurement Date	July 1, 2017
Total OPEB Liability:	
Service Cost	\$ 3,164,420
Interest	2,302,372
Changes in benefit terms	-
Differences between expected and actual experience in the Measurement of the total OPEB liability	-
Changes of assumptions or other inputs	(9,732,010)
Benefit payments	<u>(1,829,227)</u>
Net change in total OPEB liability	(6,094,445)
Total OPEB liability - beginning	<u>78,535,151</u>
Total OPEB liability - Ending	<u><u>\$ 72,440,706</u></u>
 Covered payroll	 <u><u>\$ 16,250,580</u></u>
Total OPEB liability as a percentage of covered payroll	446%

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

SARANAC CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2018

Capital Assets, Net	\$ 21,499,064
Add: Unspent bond proceeds	10,720
Deduct:	
Short-term portion of bonds and notes payable	626,107
Long-term portion of bonds and notes payable	5,069,644
Premiums included with bonds payable	<u>473,221</u>
Net investment in capital assets	<u><u>\$ 15,340,812</u></u>

SARANAC CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2018

**NYSERS Pension Plan
Last 10 Fiscal Years***

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0100000%	0.0094871%	0.0096412%	0.0098124%						
District's proportionate share of the net pension liability (asset)	\$ 302,105	\$ 891,425	\$ 1,547,443	\$ 331,488						
District's covered- employee payroll	\$ 3,039,227	\$ 2,690,714	\$ 2,870,811	\$ 2,782,289						
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.94%	33.13%	53.90%	11.91%						
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.95%						

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

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

See Notes to Schedule of Expenditures of Federal Rewards

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2018

**NYSERS Pension Plan
Last 10 Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 425,816	\$ 418,769	\$ 477,165	\$ 529,606	\$ 531,585	\$ 543,262	\$ 368,545	\$ 331,058	\$ 188,478	\$ 198,004
Contributions in relation to the contractually required contribution	\$ 425,816	\$ 418,769	\$ 477,165	\$ 529,606	\$ 531,585	\$ 543,262	\$ 368,545	\$ 331,058	\$ 188,478	\$ 198,004
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 3,039,227	\$ 2,690,714	\$ 2,870,811	\$ 2,782,289						
Contributions as a percentage of covered employee payroll	14.0%	15.6%	16.6%	19.0%						

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

SARANAC CENTRAL SCHOOL DISTRICT

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

NYSTRS Pension Plan
 Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.071953%	0.071985%	0.073911%	0.075852%	0.075199%					
District's proportionate share of the net pension liability (asset)	\$ (546,912)	\$ 770,988	\$ (7,677,012)	\$ (8,449,478)	\$ (494,997)					
District's covered- employee payroll	\$ 11,708,690	\$ 11,323,099	\$ 11,292,665	\$ 11,262,739						
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.67%	6.81%	-67.98%	-75.02%						
Plan fiduciary net position as a percentage of the total pension liability	-100.66%	99.0%	110.5%	111.5%						

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

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

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2018

NYSTRS Pension Plan
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,336,329	\$ 1,472,919	\$ 1,946,261	\$ 1,820,743	\$ 1,350,592	\$ 1,250,047	\$ 1,024,594	\$ 798,562	\$ 937,765	\$ 1,064,958
Contributions in relation to the contractually required contribution	\$ 1,336,329	\$ 1,472,919	\$ 1,946,261	\$ 1,820,743	\$ 1,350,592	\$ 1,250,047	\$ 1,024,594	\$ 798,562	\$ 937,765	\$ 1,064,958
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 11,708,690	\$ 11,323,099	\$ 11,292,665							
Contributions as a percentage of covered employee payroll	11.41%	13.01%	17.23%							

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

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA Part B Section 611	84.027A	0032-18-0141	\$ 424,220
IDEA Part B Section 619	84.173A	0033-18-0141	18,821
Total Special Education Cluster			<u>443,041</u>
 Title I	 84.010A	 0021-17-0515	 73,283
Title I	84.010A	0021-18-0515	10,892
School Improvement	84.010A	0011-17-2256	5,748
School Improvement	84.010A	0011-18-2256	289,379
Title II Principal & Teacher	84.367A	0147-17-0515	14,509
Title II Principal & Teacher	84.367A	0147-18-0515	43,155
Total U.S. Department of Education			<u><u>880,007</u></u>
U.S. Department of Agriculture:			
Pass-Through New York State Department of Education:			
National School Lunch Program - Cash	10.555		239,044
National School Lunch Program - Commodities	10.555		27,602
School Breakfast Program	10.553		72,725
Total Child Nutrition Cluster			<u>339,371</u>
 Total Department of Agriculture			<u><u>339,371</u></u>
 Total Federal Assistance Expended			<u><u>\$ 1,219,378</u></u>

See Notes to Schedule of Expenditures of Federal Rewards

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

Note 1. Basis of Presentation

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

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

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Saranac Central School District
Saranac, New York 12981

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, the business-type activities, each major fund and the aggregate remaining fund information of Saranac Central School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Saranac Central School District's basic financial statements and have issued our report thereon dated September 21, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The finding is referenced as 18-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saranac Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 18-1.

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.

Boulrice & Wood CPAs, PC

September 21, 2018

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Saranac Central School District
Saranac, New York 12981

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

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

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

Boulrice & Wood CPAs, PC

September 21, 2018

**SARANAC CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ 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 deficiencies identified not considered to be a material weakness? ☐ 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 Section 200.516(a) ☐ yes ☒ no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program-cash
10.555	National School Lunch Program-commodities
10.553	School Breakfast Program

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

Auditee qualified as low-risk Auditee? ☒ yes ☐ no

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

SECTION II – FINANCIAL STATEMENTS

18-1 Excess Fund Balance

Condition: The District's unassigned general fund balance was 19.44% of next year's budget.

Effect: The District's unassigned general fund balance was 15.44% or \$5,118,975 over the amount allowable by law.

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

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

Corrective Action: Saranac Central School District has taken a conservative approach to spending as State Aid funding remains uncertain. The Board of Education plans to use its fund balance in future budgets to provide stability to taxpayers in a fiscally responsible manner.

SECTION III – MAJOR FEDERAL AWARDS

There were no current period findings or questioned costs.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Saranac Central School District
Saranac, New York

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Saranac Central School District as of and for the year June 30, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Saranac Central School District as of June 30, 2018, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
September 21, 2018

**SARANAC CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2018 and 2017**

	<u>6/30/2018</u>	<u>6/30/2017</u>
Assets		
Cash	<u>\$ 51,307</u>	<u>\$ 45,776</u>
Total Assets	<u><u>\$ 51,307</u></u>	<u><u>\$ 45,776</u></u>
Fund Balance		
Extraclassroom Activity	<u>\$ 51,307</u>	<u>\$ 45,776</u>
Total Fund Balance	<u><u>\$ 51,307</u></u>	<u><u>\$ 45,776</u></u>

See Notes to the Financial Statements – Extraclassroom Activity Funds

**SARANAC CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES
Year Ended June 30, 2018**

Activity	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
Saranac HS Art Club	\$ 237	\$ -	\$ 16	\$ 221
Saranac HS Band	1,390	37,349	37,601	1,138
Saranac HS Class of 2017	698	-	698	-
Saranac HS Class of 2018	2,602	5,358	7,079	881
Saranac HS Class of 2019	8,286	8,356	9,670	6,972
Saranac HS Class of 2020	1,710	8,084	6,204	3,590
Saranac HS Class of 2021	-	6,786	2,295	4,491
Saranac HS Drama Club	13,946	8,335	10,445	11,836
Saranac HS Home & Careers	69	193	1	261
Saranac HS Key Club	2,226	1,142	756	2,612
Saranac HS Library Club	2,818	3,936	4,545	2,209
Saranac HS NHS	92	9,186	8,192	1,086
Saranac HS Multicultural Club	582	1,686	1,612	656
Saranac HS Student Council	1,714	2,302	1,563	2,453
Saranac HS Outdoor Club	1,529	3,500	2,371	2,658
Saranac HS Yearbook	465	11,830	11,226	1,069
Saranac MS Student Council	937	1,215	1,581	571
Saranac MS Drama	5,899	3,227	1,224	7,902
Saranac MS Builders Club	576	2,486	2,361	701
	<u>\$ 45,776</u>	<u>\$ 114,971</u>	<u>\$ 109,440</u>	<u>\$ 51,307</u>

. See Notes to the Financial Statements – Extraclassroom Activity Funds

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Saranac Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Saranac Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the District.

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