

FALLSBURG CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2019

FALLSBURG CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Fallsburg Central School District
Fallsburg, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York, as of and for the year ended June 30, 2019, which collectively comprise the District's basic financial statements as listed in the table of contents, and the 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 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 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 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 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York, as of June 30, 2019, and the changes in financial position for the year then ended in conformity 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 and other required supplementary information, on pages 4 through 13 and 55 through 60, 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 consider 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 Fallsburg Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2018 financial statements and, in our report dated October 1, 2018, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019 on our consideration of the Fallsburg Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fallsburg Central School District, New York's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Cooper Quinn LLP", is positioned above the printed text.

Mongaup Valley, New York
October 1, 2019

**FALLSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

As management of the Fallsburg Central School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. The discussion and analysis of the financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the financial statements, notes to the financial statements and related audit information to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The beginning unrestricted cash for the District was \$7,323,290. The ending unrestricted cash for the District was \$4,976,949. The decrease in cash is due to transfers to the capital fund for the building project and normal fluctuations of the business cycle.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements composed of the Statement of Net Position and Statement of Activities are designed to provide information about the District's finances as a whole. The statements include all assets and revenues and expenditures and are presented on the accrual basis of accounting that is similar to the method used by in private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors that are indicators include changes in enrollment, the property tax base, and the conditions of school buildings and other facilities within the District.

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The business type activities of the District include the Food Service and Day Care operations. These activities operate on a fee for goods or services provided.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all New York public school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The Statement of Net Position provides a summary of all the assets and liabilities in the District, governmental and business-type. Net position for the year ended June 30, 2019 was \$(44,673,986) a decrease of \$6,056,867 from the balance of \$(38,617,119) for the year ended June 30, 2018. The decrease is primarily due to the recognition of the district's entire estimated Other Post Retirement Benefit.

The following schedule is a summary of the District's net position for the years ended June 30, 2019 and 2018:

COMPARATIVE STATEMENT OF NET POSITION

	JUNE 30, 2019	JUNE 30, 2018
Assets:		
Current Assets	\$11,591,178	\$13,037,637
Non-Current Assets	26,896,259	24,483,489
Total Assets	38,487,437	37,521,126
Total Deferred Outflows Of Resources	33,665,404	10,093,615
Liabilities:		
Current Liabilities	3,053,387	2,717,437
Non-Current Liabilities	108,616,218	77,350,093
Total Liabilities	111,669,605	80,067,530
Total Deferred Inflows Of Resources	5,157,222	6,164,330

COMPARATIVE STATEMENT OF NET POSITION (Continued)

	JUNE 30, 2019	JUNE 30, 2018
Net Position:		
Net Investment In Capital Assets	18,921,330	16,702,916
Restricted	3,002,933	2,975,550
Unrestricted	(66,598,249)	(58,295,585)
Total Net Position	(44,673,986)	(38,617,119)

Changes in Net Position

	JUNE 30, 2018	JUNE 30, 2018
Revenues:		
Program Revenues:		
Charges For Services	83,963	115,517
Operating Grants And Contributions	4,079,435	3,787,234
General Revenues:		
Property Taxes And Tax Items	19,839,998	19,560,296
Sale Of Property	27,429	(7,813)
Interest	30,361	32,352
Miscellaneous Sources	781,097	876,096
State Aid	20,878,539	20,549,947
Federal Aid	109,758	105,990
Total Revenues	45,830,580	45,019,619
Expenses:		
General Support	4,827,305	4,666,486
Instruction	42,212,842	36,282,196
Pupil Transportation	3,557,138	2,950,330
Community Services	86,206	71,331
School Lunch Program	1,052,530	943,125
Interest On Indebtedness	151,426	179,408
Total Expenses	51,887,447	45,092,876

Changes in Net Position

(Continued)

	JUNE 30, 2019	JUNE 30, 2018
Increase (Decrease) In Net Position	(6,056,867)	(73,257)
Net Position Beginning	(38,617,119)	(38,543,862)
Net Position Ending	(44,673,986)	(38,617,119)

GOVERNMENTAL FUND FINANCIAL ANALYSIS

The governmental funds of the District reported combined fund balances at June 30, 2019 of \$8,550,965, which is \$1,789,599 less than the June 30, 2018 ending fund balance of \$10,340,564.

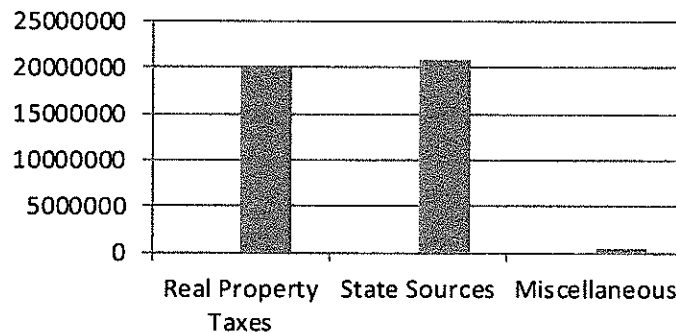
General Fund Revenue/Expenditures

The General Fund had total revenues of \$41,738,690, which primarily consisted of real property taxes and other tax items, state aid payments and the refund of the previous year's BOCES expenditures. Excluding interfund transfers of \$1,195,027, the General Fund expenditures were \$40,235,981. Revenues increased by \$507,920 and expenditures increased by \$1,934,436 over the year ending June 30, 2018. Revenues increased in the areas of real property taxes and the District's state aid allocation. Expenditures increased in the areas of salaries and benefits for staff.

The General Fund had an increase in fund balance of \$307,682. The District has been budgeting and spending conservatively over the past few years based on economic conditions and needs of the District. In the 2018-19 school year, the District expanded pupil personnel and guidance departments increasing expenditures. The General Fund has a total of \$3,002,933 restricted for future expenditures, which is made up of \$80,333 restricted for tax certiorari payments, \$104,274 restricted for unemployment insurance; \$107,600 restricted for workers' compensation expenses; \$269,394 restricted for future employee benefit accrued liabilities, \$2,005,401 restricted for a future capital project, and \$435,931 restricted for repairs at June 30, 2019. In addition, the District has encumbered \$438,973 in budgeted expenses that will be rolled over to the 2019-2020 fiscal year.

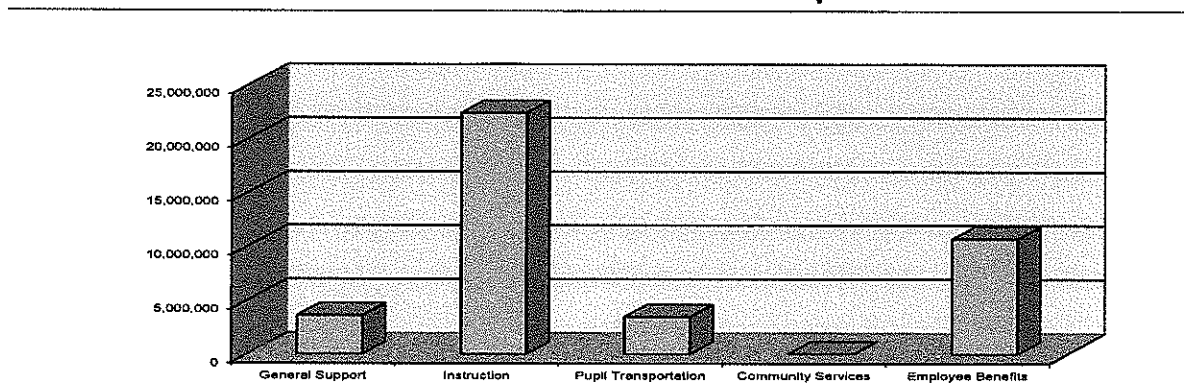
The following charts present a summary of General Fund revenues (Chart 1) and expenses (Chart 2) for the fiscal year ended June 30, 2019

Chart 1: General Fund Actual Revenues



The majority of revenue was derived from Real Property Taxes (48%) and State Aid (50%). The remaining 2% was derived from local sources including interest earnings, insurance recoveries and other miscellaneous sources.

Chart 2: General Fund Actual Expenditures



Instructional costs are (56%) of the General Fund expenditures, exclusive of interfund transfers. These costs include instructional staff salaries, contractual costs and materials. Also included are expenditures for attendance, guidance counselor, health, psychological testing, speech, and hearing and vision services. The general support (9%) includes tax collection fees, superintendent, principals, secretaries, and bookkeepers and staff salaries, and office expenditures. Also included are plant operations and maintenance cost including staff salaries, utilities, property insurance, building and equipment maintenance, and supplies. Employee benefits (26%) Include retirement contributions, Social Security and Medicare contributions, health, dental, and disability insurance payments. Student transportation (9%) costs which include contractual cost for transporting students to and from school, field trips, sporting events, and late buses. Community services represent less than 1% of expenditures and include the school to work program, community program development, and the childcare program.

Special Aid Fund Revenue/Expenditures

The majority of revenues were derived from federal sources, and the majority of expenditures were spent on instructional costs.

Debt Service Fund Revenue/Expenditures

Funds are transferred from the General Fund to the Debt Service Fund where bond interest and principal expenditures are made. During the year ended June 30, 2019, \$171,794 was expended on interest and \$746,972 on principal from the Debt Service Fund. The fund balance at June 30, 2019 was \$429,843, a decrease of \$100,000 from the previous year.

Capital Projects Fund Revenue/Expenditures

This fund is used for building projects at the Benjamin Coser Elementary School and the Jr/Sr High School. The District transferred \$145,000 from the General Fund to the Capital Fund to fund ongoing projects. During the year ended June 30, 2019, \$2,185,723 was expended on capital construction for the projected that was approved by May 2017. The fund balance deficit at June 30, 2019 was \$(2,896,005), a decrease in fund balance of \$2,040,723 from the previous year.

Food Service Revenue/Expenditures

The majority of the revenues are from federal sources (93%), state sources (5%), and food sales (2%). The decrease in food sales and in increase in federal and state sources is due to the district participating in the Community Eligibility Provision, where every student is provided breakfast and lunch without cost. The expenditures in this fund include staff salaries and benefits, supplies, and food costs. The fund balance at June 30, 2019 was \$503,101, an increase of \$43,442 from the previous year. The increase is due to additional revenue from the Community Eligibility Provision.

BUDGETARY IMPLICATIONS

The New York State public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District's overall financial statements

General Fund Budget

During the fiscal year, the Board of Education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, and is permitted by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the audited financial statements.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted expenditures and other financing uses also increased by this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year to recognize changes in priorities since the original adoption of the budget.

Capital Assets

At the end of fiscal year 2019, the District had \$45,720,432 invested in land, buildings, machinery and equipment and vehicles, net of \$20,455,466 in accumulated depreciation.

Capital Assets (Net of Depreciation)

	6/30/2019	6/30/2018
Land	84,490	84,490
Construction in Progress	3,186,005	1,000,282
Building and Improvements	21,576,431	22,199,987
Machinery and Equipment	360,898	431,899
Vehicles	57,142	76,867
Total	25,264,966	23,793,525

Long Term Debt

At June 30, 2019, the School District had \$107,956,499 of outstanding long-term debt.

Outstanding Debt

	6/30/2019	6/30/2018
Serial Bonds	5,225,000	5,855,000
Unamortized Bond Premium	28,002	41,179
Energy Performance Contract	1,118,636	1,235,609
Compensated Absences	301,054	312,144
Total OPEB Liability	101,283,807	69,609,587
Total	107,956,499	77,053,519

ECONOMIC FACTORS AND FUTURE BUDGETS

The District's management is cautiously optimistic about the financial future of the District. The enactment of the State Aid cap and the Property Tax Levy cap has restricted the ability

of the District to increase revenues. Currently, the District has sufficient reserves to continue to operate without a dramatic impact on the educational programs for its students in the near-term future. The reserves, however, are a finite source of revenue; once they are expended, the District will have to make significant reductions in the educational programs.

New York State instituted a State Aid cap where increases in State Aid paid to school districts will be limited to the lesser of the growth in personal income or 4%. Additionally, New York State enacted a Tax Levy cap where local governments, including school districts, will have limited abilities to increase the amount levied for real property taxes. For school districts, any increase in the tax levy over the State mandated Tax Cap would have to be approved by a super-majority, a 60% margin, in an election.

The District will attempt to contain expenditures within its control; however, the majority of the costs in running the District, i.e. energy costs, transportation, insurance, employee benefits, and contractual amounts, are beyond the control of District administration.

FINANCIAL CONTACT INFORMATION

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the School Board's accountability for the funding it receives. Questions regarding this report should be directed to the Ivan J. Katz, Ed. D. Superintendent of Schools (845) 434-5884 or by mail at Fallsburg Central School District, 155 Brickman Road, Fallsburg, NY 12733.

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash	\$ 4,976,949	\$ 7,323,290
Cash - Restricted	3,002,933	2,975,550
Accounts Receivable	4,274	9,437
Due From Fiduciary Funds	97,373	94,871
State and Federal Aid Receivable	2,681,418	1,914,336
Due From Other Governments	807,661	696,353
Inventory	<u>20,570</u>	<u>23,800</u>
Total Current Assets	<u>11,591,178</u>	<u>13,037,637</u>
Non-Current Assets		
Net Pension Asset	1,631,293	689,964
Capital Assets, Net	<u>25,264,966</u>	<u>23,793,525</u>
Total Non-Current Assets	<u>26,896,259</u>	<u>24,483,489</u>
TOTAL ASSETS	<u>38,487,437</u>	<u>37,521,126</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	9,176,701	10,093,615
OPEB Liability	<u>24,488,703</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>33,665,404</u>	<u>10,093,615</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Accounts Payable	\$ 686,596	\$ 226,831
Accrued Liabilities	165,636	569,808
Due To Other Governments	290,596	203,743
Due To TRS	1,786,568	1,599,833
Due To ERS	107,542	91,471
Unearned Revenues	<u>16,449</u>	<u>25,751</u>
Total Current Liabilities	<u>3,053,387</u>	<u>2,717,437</u>
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	645,000	630,000
Unamortized Bond Premium	13,177	13,177
Energy Performance Contract	121,936	116,973
Total OPEB Liability	1,800,000	2,500,000
Due Beyond One Year:		
Serial Bonds	4,580,000	5,225,000
Unamortized Bond Premium	14,825	28,002
Energy Performance	996,700	1,118,636
Compensated Absences	301,054	312,144
Total OPEB Liability	99,483,807	67,109,587
Net Pension Liability	<u>659,719</u>	<u>296,574</u>
Total Non-Current Liabilities	<u>108,616,218</u>	<u>77,350,093</u>
TOTAL LIABILITIES	<u>111,669,605</u>	<u>80,067,530</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	2,387,839	3,002,403
OPEB Liability	<u>2,769,383</u>	<u>3,161,927</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,157,222</u>	<u>6,164,330</u>
NET POSITION		
Net Investment In Capital Assets	18,921,330	16,702,916
Restricted	3,002,933	2,975,550
Unrestricted	<u>(66,598,249)</u>	<u>(58,295,585)</u>
TOTAL NET POSITION	<u>\$ (44,673,986)</u>	<u>\$ (38,617,119)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2018)

	I PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		2018
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS		
FUNCTIONS/PROGRAMS						
General Support	\$ 4,827,305	\$ 1,073	\$ -	\$ -	\$ (4,826,232)	\$ (4,657,805)
Instruction	42,212,842	60,554	3,043,196	-	(39,109,092)	(33,476,520)
Pupil Transportation	3,557,138	-	88,620	-	(3,468,518)	(2,841,752)
Community Service	86,206	-	-	-	(86,206)	(71,331)
Debt Service	151,426	-	-	-	(151,426)	(179,408)
School Lunch Program	1,052,530	22,336	947,619	-	(82,575)	36,691
TOTAL FUNCTIONS AND PROGRAMS	51,887,447	83,963	4,079,435	-	(47,724,049)	(41,190,125)
GENERAL REVENUES						
Real Property Taxes					18,563,533	18,214,829
Other Tax Items					1,276,465	1,345,467
Use of Money and Property					30,361	32,352
Sale of Property and Compensation For Loss					27,429	(7,813)
Miscellaneous Local Sources					781,097	876,096
State Sources					20,878,539	20,549,947
Federal Sources					109,758	105,990
TOTAL GENERAL REVENUES					41,667,182	41,116,868
CHANGE IN NET POSITION					(6,056,867)	(73,257)
TOTAL NET POSITION - Beginning of Year					(38,617,119)	(38,543,862)
TOTAL NET POSITION - End of Year					\$ (44,673,986)	\$ (38,617,119)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUND		TOTAL GOVERNMENTAL FUNDS	2018
					I	DEBT SERVICE		
ASSETS								
Cash	\$ 4,011,351	\$ 111,714	\$ 419,480	\$ 4,561		\$ 429,843	\$ 4,976,949	\$ 7,323,290
Cash - Restricted	3,002,933	-	-	-		-	3,002,933	2,975,550
Accounts Receivable	4,274	-	-	-		-	4,274	9,437
Due From Other Funds	4,630,801	12,695	-	-		-	4,643,496	2,109,303
State And Federal Aid								
Receivable	598,816	2,004,954	77,648	-		-	2,681,418	1,914,336
Due From Other								
Governments	786,322	-	21,339	-		-	807,661	696,353
Inventories	-	-	20,570	-		-	20,570	23,800
TOTAL ASSETS	<u>\$ 13,034,497</u>	<u>\$ 2,129,363</u>	<u>\$ 539,037</u>	<u>\$ 4,561</u>		<u>\$ 429,843</u>	<u>\$ 16,137,301</u>	<u>\$ 15,052,069</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS	2018
					I	II		
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 214,920	\$ 96,202	\$ -	\$ 375,474	\$ -	-	\$ 686,596	\$ 226,831
Accrued Liabilities	117,375	24	35,063	-	-	-	152,462	549,444
Due To Other Governments	281,371	9,199	26	-	-	-	290,596	203,743
Due To Other Funds	12,695	2,008,336	-	2,525,092	-	-	4,546,123	2,014,432
Due To Teachers' Retirement System	1,786,568	-	-	-	-	-	1,786,568	1,599,833
Due To Employees' Retirement System	107,542	-	-	-	-	-	107,542	91,471
Unearned Revenues	-	15,602	847	-	-	-	16,449	25,751
TOTAL LIABILITIES	<u>2,520,471</u>	<u>2,129,363</u>	<u>35,936</u>	<u>2,900,566</u>	-	-	<u>7,586,336</u>	<u>4,711,505</u>
FUND BALANCES								
Non-spendable:								
Inventory	-	-	20,570	-	-	-	20,570	23,800
Restricted:								
Tax Certiorari	80,333	-	-	-	-	-	80,333	60,822
Unemployment Insurance	104,274	-	-	-	-	-	104,274	103,993
Workers' Compensation	107,600	-	-	-	-	-	107,600	107,310
Employee Benefit Accrued Liability	269,394	-	-	-	-	-	269,394	268,668
Capital	2,005,401	-	-	-	-	-	2,005,401	2,000,000
Repairs	435,931	-	-	-	-	-	435,931	434,757
Assigned:								
Encumbrances	438,973	-	-	-	-	-	438,973	321,350
Appropriated	3,035,055	-	-	-	-	-	3,035,055	1,787,822
Unappropriated	-	-	482,531	-	-	429,843	912,374	965,702
Unassigned	<u>4,037,065</u>	-	-	<u>(2,896,005)</u>	-	-	<u>1,141,060</u>	<u>4,266,340</u>
TOTAL FUND BALANCES	<u>10,514,026</u>	-	<u>503,101</u>	<u>(2,896,005)</u>	<u>429,843</u>	-	<u>8,550,965</u>	<u>10,340,564</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,034,497</u>	<u>\$ 2,129,363</u>	<u>\$ 539,037</u>	<u>\$ 4,561</u>	<u>\$ 429,843</u>	-	<u>\$ 16,137,301</u>	<u>\$ 15,052,069</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
Total Governmental Fund Balances	\$ 8,550,965	\$ 10,340,564
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2019 are \$45,720,432 and \$43,894,822, respectively.	25,264,966	23,793,525
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Net Pension Asset	1,631,293	
Deferred Outflows of Resources	9,176,701	
Net Pension Liability	(659,719)	
Deferred Inflows of Resources	<u>(2,387,839)</u>	7,484,602
	7,760,436	
The long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	24,488,703	
Deferred Inflows of Resources	(2,769,383)	
Total OPEB Liability	<u>(101,283,807)</u>	(72,771,514)
	(79,564,487)	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	(5,225,000)	
Unamortized Bond Premium	(28,002)	
Energy Performance Contract	(1,118,636)	
Compensated Absences	<u>(301,054)</u>	(7,443,932)
	(6,672,692)	
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.	<u>(13,174)</u>	(20,364)
Net Position of Governmental Activities	<u>\$ (44,673,986)</u>	<u>\$ (38,617,119)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS	2018
					DEBT SERVICE			
REVENUES								
Real Property Taxes	\$ 18,563,533	\$ -	\$ -	\$ -	\$ -		\$ 18,563,533	\$ 18,214,829
Other Tax Items	1,276,465	-	-	-	-		1,276,465	1,345,467
Charges For Services	60,554	-	-	-	-		60,554	81,737
Use of Money and Property	30,596	-	838	-	-		31,434	41,033
Sale of Property and								
Compensation For Loss	27,429	-	-	-	-		27,429	6,209
Miscellaneous Local Sources	785,774	5,376	1,073	-	-		792,223	883,219
Interfund Revenues	6,042	-	-	-	-		6,042	5,445
State Sources	20,878,539	1,326,467	44,761	-	-		22,249,767	21,850,802
Federal Sources	109,758	1,794,223	902,858	-	-		2,806,839	2,585,246
Sales	-	-	22,336	-	-		22,336	25,099
TOTAL REVENUES	41,738,690	3,126,066	971,866	-	-		45,836,622	45,039,086
OTHER FINANCING SOURCES								
Interfund Transfers In	-	231,261	-	145,000	818,766		1,195,027	1,203,853
TOTAL REVENUES AND OTHER FINANCING SOURCES	41,738,690	3,357,327	971,866	145,000	818,766		47,031,649	46,242,939

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

(Continued)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS	2018
EXPENDITURES							
General Support	\$ 3,587,433	\$ -	\$ -	\$ -	\$ -	\$ 3,587,433	\$ 3,688,825
Instruction	22,431,447	2,903,123	-	-	-	25,334,570	24,110,729
Pupil Transportation	3,468,521	88,617	-	-	-	3,557,138	2,950,330
Community Services	41,997	-	-	-	-	41,997	41,047
Employees Benefits	10,706,583	365,587	178,926	-	-	11,251,096	10,730,351
Debt Services:							
Principal	-	-	-	-	746,972	746,972	727,210
Interest	-	-	-	-	171,794	171,794	190,481
Cost of Sales	-	-	749,498	-	-	749,498	729,909
Capital Outlay	-	-	-	2,185,723	-	2,185,723	1,000,282
TOTAL EXPENDITURES	40,235,981	3,357,327	928,424	2,185,723	918,766	47,626,221	44,169,164
OTHER USES							
Interfund Transfers Out	1,195,027	-	-	-	-	1,195,027	1,203,853
TOTAL EXPENDITURES AND OTHER USES	41,431,008	3,357,327	928,424	2,185,723	918,766	48,821,248	45,373,017
NET CHANGE IN FUND BALANCES	307,682	-	43,442	(2,040,723)	(100,000)	(1,789,599)	869,922
FUND BALANCE - Beginning of Year	10,206,344	-	459,659	(855,282)	529,843	10,340,564	9,470,642
FUND BALANCE - End of Year	\$ 10,514,026	\$ -	\$ 503,101	\$ (2,896,005)	\$ 429,843	\$ 8,550,965	\$ 10,340,564

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (1,789,599)	\$ 869,922
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expenses	(740,425)	
Capital Outlay	<u>2,216,923</u>	1,476,498
		288,182
Repayments of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Bonds	630,000	
Energy Performance Contract	<u>116,973</u>	746,973
		727,210
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
Compensated Absences		11,090
		5,131
(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 the governmental funds.		
Teachers' Retirement System	1,178,388	
Employees' Retirement System	<u>(902,554)</u>	275,834
		(278,658)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

(Continued)

	<u>2019</u>	<u>2018</u>
(Increases) decreases in the total OPEB liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Total OPEB Liability	\$ (6,792,973)	\$ (1,682,095)
In the governmental funds, the total amount received for the sale of assets is reported as revenue. In the statement of activities, the revenues are reduced by the net book value of the asset being sold.	(5,057)	(14,022)
Bond premiums are reported in the governmental funds as revenues in the year received. However, in the statement of activities, the premium is added to the outstanding debt and amortized as a reduction of interest expense over the life of the bond.		
Amortization Expense	13,177	13,177
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(13,174)	
Prior Year Accrued Interest	<u>20,364</u>	<u>7,190</u>
		(2,104)
Change in Net Position of Governmental Activities	<u>\$ (6,056,867)</u>	<u>\$ (73,257)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	PRIVATE PURPOSE <u>TRUST FUND</u>	AGENCY <u>FUND</u>
ASSETS		
Cash and Cash Equivalents	\$ 19,101	\$ 223,480
TOTAL ASSETS	<u>19,101</u>	<u>\$ 223,480</u>
LIABILITIES		
Extraclassroom Activity Balances	-	\$ 90,606
Agency Liabilities	-	35,501
Due To Governmental Funds	<u>-</u>	<u>97,373</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 223,480</u>
Reserved For Scholarships	<u>\$ 19,101</u>	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

	PRIVATE PURPOSE <u>TRUST FUND</u>
ADDITIONS	
Investment Earnings	\$ 45
Donations	<u> 2,996</u>
TOTAL ADDITIONS	<u> 3,041</u>
DEDUCTIONS	
Scholarships Awarded	2,300
Supplies	<u> 1,754</u>
TOTAL DEDUCTIONS	<u> 4,054</u>
Change in Net Position	(1,013)
NET POSITION – Beginning of the Year	<u> 20,114</u>
NET POSITION – End of Year	<u><u> \$ 19,101</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Fallsburg 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 balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Fallsburg Central School District is one of the eight component school districts in the Sullivan County 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 also are 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 costs is determined by resident public school district's 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.

C. 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. Operating grants include operating-specific and discretionary (either operating or capital) grants.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation 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 financial statements

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

a. General Fund

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Fund

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:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. Capital Projects Fund

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following non-major governmental funds:

a. Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Additionally, the District reports the following fund type:

a. Fiduciary Fund

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

Private Purpose Trust Fund

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

Agency Fund

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting/Measurement Focus

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

The 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

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

E. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and became a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 4th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Sullivan and Ulster. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the Counties to the School District no later than the forthcoming April 1st.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Instruction	\$7,002
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2. **Encumbrances**

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

3. **Budget Basis of Accounting**

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. Inventory

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase.

I. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. **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 sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. **Vested Employee Benefits**

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance in the fund financial statements by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Activity

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. Equity Classifications

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the 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 – reports all other 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.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

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

Non-spendable – 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 \$20,570.

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 District has established the following restricted fund balances:

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Certiorari

Used to accumulate funds to pay judgements and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Unemployment Insurance

Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due to an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Workers' Compensation

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

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Repair

Used to pay the cost of repairs to capital improvements or equipment. The Board of Education may establish the reserve by majority vote. Voter approval is required to fund the reserve and expenditures may only be made after a public hearing. This reserve is accounted for in the General Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2019.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$438,973 as assigned fund balance in the General Fund as of June 30, 2019.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district's General Fund budget for the ensuing fiscal year. Non-spendable 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:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. **New Accounting Standards**

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

GASB 83 – *Certain Asset Retirement Obligations*

GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standard that will become effective in future fiscal years:

GASB 84 – *Fiduciary Activities*, effective for the year ending June 30, 2020.

GASB 87 – *Leases*, effective for the year ending June 30, 2021.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2021.

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2020.

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Outflows/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 government 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 during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$9,176,701 in deferred outflows of resources related to pensions and \$24,488,703 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2019.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two 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 liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$2,387,839 in deferred inflows of resources related to pensions and \$2,769,383 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2019.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$6,788,862 to unrestricted net position as of June 30, 2019.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net increase of \$21,719,320 to unrestricted net position as of June 30, 2019.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

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 focus of the governmental funds. These differences are reconciled in the financial statements.

1. Total fund balances of governmental funds vs. net position 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. The 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 sheet.

2. 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:

- a. 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 report 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.

- b. Capital related differences:

Capital related differences include the differences 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.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (continued)

c. Long-term debt transaction differences:

Long-term debt transaction differences occur because 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.

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 focus of the governmental funds. These differences are reconciled in the financial statements.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the ensuing year's budget.

The Capital Projects Fund had a deficit unassigned fund balance of \$2,896,005 as of June 30, 2019. The deficit was caused by project expenses in excess of available funding and will be eliminated when permanent financing is put in place.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2019, the Fallsburg Central School District was billed \$6,871,814 for BOCES administrative and program costs. General purpose financial statements for Sullivan County BOCES are available from the BOCES' administrative office at 85 Ferndale-Loomis Road, Liberty, NY 12754.

The School District's share of BOCES income amounted to \$1,625,862.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – CASH AND INVESTMENTS

The Fallsburg Central School District investment policies are governed by State statutes. In addition the District has its own written investment 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 deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit 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 states other than New York and their municipalities and school districts.

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

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name. \$ 9,061,718

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS/ RECLASSIFICATIONS	ENDING BALANCE
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 84,490	\$ -	\$ -	\$ 84,490
Construction In Progress	<u>1,000,282</u>	<u>2,185,723</u>	<u>-</u>	<u>3,186,005</u>
Total non-depreciable historical cost	<u>1,084,772</u>	<u>2,185,723</u>	<u>-</u>	<u>3,270,495</u>
Capital assets that are depreciated:				
Building and Improvements	41,006,701	31,200	78,600	40,959,301
Furniture and Equipment	<u>1,803,349</u>	<u>-</u>	<u>312,713</u>	<u>1,490,636</u>
Total depreciable historical cost	<u>42,810,050</u>	<u>31,200</u>	<u>391,313</u>	<u>42,449,937</u>
Less accumulated depreciation:				
Building and Improvements	18,806,714	650,040	73,884	19,382,870
Furniture and Equipment	<u>1,294,583</u>	<u>90,385</u>	<u>312,372</u>	<u>1,072,596</u>
Total Accumulated Depreciation	<u>20,101,297</u>	<u>740,425</u>	<u>386,256</u>	<u>20,455,466</u>
Total historical cost, net	<u>\$ 23,793,525</u>	<u>\$ 1,476,498</u>	<u>\$ 5,057</u>	<u>\$ 25,264,966</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 19,062		
Instruction		715,703		
School Lunch		<u>5,660</u>		
		<u>\$ 740,425</u>		

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2019 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 4,630,801	\$ 12,695	\$ -	\$ 1,195,027
Special Aid Fund	12,695	2,008,336	231,261	-
School Lunch Fund	-	-	-	-
Capital Fund	-	2,525,092	145,000	-
Debt Service Fund	-	-	818,766	-
	<u>4,643,496</u>	<u>4,456,123</u>	<u>1,195,027</u>	<u>1,195,027</u>
Total Governmental Activities				
Agency Fund	-	97,373	-	-
Total Fiduciary Funds	-	97,373	-	-
TOTALS	<u>\$ 4,643,496</u>	<u>\$ 4,643,496</u>	<u>\$ 1,195,027</u>	<u>\$ 1,195,027</u>

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

The District typically transfers funds from the General Fund to the School Lunch Fund to cover the shortfall in the annual budget, to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants, and to the Debt Service Fund to make principal and interest payments on outstanding debt.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2019 consisted of the following:

Food and Supplies	<u>\$ 20,570</u>
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NOTE 9 – LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

The Fallsburg Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – LIABILITIES (Continued)

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.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the NYS Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the NYS Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York.

The System issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL). The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – LIABILITIES (Continued)

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 10.62% of the annually covered payroll for the fiscal year ended June 30, 2018. Rates applicable to the fiscal years ended June 30, 2018 and 2017, were 9.80% and 11.72%, respectively. For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	<u>ERS</u>	<u>TRS</u>
2019	\$ 367,453	\$ 1,618,069
2018	385,005	1,440,082
2017	380,613	1,684,550

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 171,794
Less: Interest Accrued in the Prior Year	(20,364)
Plus: Interest Accrued in the Current Year	13,174
Amortization of Bond Premium	<u>(13,177)</u>
Total Expense	<u>\$ 151,427</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – LIABILITIES (Continued)

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2019 are summarized as follows:

	BALANCE 07/01/18	ADDITIONS	DELETIONS	BALANCE 06/30/19	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds	\$ 5,855,000	\$ -	\$ 630,000	\$ 5,225,000	\$ 645,000
Unamortized Bond Premium	41,179	-	13,177	28,002	13,177
Energy Performance Contract					
Direct Borrowing	1,235,609	-	116,973	1,118,636	121,936
Compensated Absences	312,144	-	11,090	301,054	-
Total OPEB Liability	<u>69,609,587</u>	<u>33,525,885</u>	<u>1,851,665</u>	<u>101,283,807</u>	<u>1,800,000</u>
TOTAL	<u>\$ 77,053,519</u>	<u>\$ 33,525,885</u>	<u>\$ 2,622,905</u>	<u>\$ 107,956,499</u>	<u>\$ 2,580,113</u>

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

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/19</u>
Refunded Bonds	2017	2022	1.50%-4.00%	\$ 970,000
Serial Bonds	2016	2031	2.00%-2.50%	4,255,000
Energy Performance Contract	2011	2027	4.20%	<u>1,118,636</u>
				<u>\$ 6,343,636</u>

	<u>General Obligations</u>		<u>Direct Borrowings and Direct Placements</u>	
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	\$ 645,000	\$ 107,713	\$ 121,936	\$ 45,715
2021	665,000	92,188	127,112	40,541
2022	685,000	76,374	132,506	35,145
2023	355,000	66,863	138,131	29,522
2024	365,000	59,763	143,993	23,660
2025-2029	1,950,000	186,316	454,958	33,265
2030-2031	<u>560,000</u>	<u>16,450</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 5,225,000</u>	<u>\$ 605,667</u>	<u>\$ 1,118,636</u>	<u>\$ 207,848</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – LIABILITIES (Continued)

2. Short-Term Debt

The District had no short term debt activity for the year ended June 30, 2019 or 2018.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The Fallsburg Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. Other Items

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment 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.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. The District will pay 100% of the coverage for most employees who retire with 20 years of service to the District. Other retiree contribution requirements vary from 25% to 65% for insurance coverage based on years of service, date of hire and bargaining unit.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	158
Inactive employees entitled to but not yet receiving benefit payments	<u>239</u>
Active Employees	<u><u>397</u></u>

Total OPEB Liability

The District's total OPEB liability of \$101,283,807 was measured as of June 30, 2019, using an actuarial valuation as of June 30, 2018.

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

Measurement Date	June 30, 2019
Inflation	2.20%
Real Wage Growth	1.60%
Discount Rate	3.51%
Initial Healthcare Cost Trend Rate	5.50%
Ultimate Healthcare Cost Trend Rate	3.84%

The actuarial cost method used was Entry Age Normal.

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

Mortality rates were based on Pub-2010 Headcount-weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2018.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for June 30, 2016.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2018		\$ 69,609,587
Changes for the Year -		
Service Cost	3,192,585	
Interest	2,783,509	
Changes of Benefit Terms	(81,108)	
Differences between expended and actual experience	11,876,012	
Changes in assumptions or other inputs	15,673,779	
Benefit Payments	<u>(1,770,557)</u>	
Net Changes		<u>31,674,220</u>
Balance at June 30, 2019		<u>\$ 101,283,807</u>

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 (2.51%) or 1 – percentage point higher (4.51%) than the current discount rate:

	1% Decrease <u>(2.51%)</u>	Current Assumption <u>(3.51%)</u>	1% Increase <u>(4.51%)</u>
Total OPEB Liability	<u>\$ 122,173,320</u>	<u>\$ 101,283,807</u>	<u>\$ 85,045,918</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u></u>	Current Assumption <u></u>	1% Increase <u></u>
Total OPEB Liability	<u>\$ 82,282,565</u>	<u>\$ 101,283,807</u>	<u>\$ 126,916,183</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$8,563,530. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,556,455	\$ -
Changes of assumptions or other inputs	<u>13,932,248</u>	<u>(2,769,383)</u>
Total	<u>\$ 24,488,703</u>	<u>\$ (2,769,383)</u>

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

2020	\$ 2,668,544
2021	2,668,544
2022	2,668,544
2023	2,668,544
2024	2,668,544
Thereafter	<u>8,376,600</u>
TOTAL	<u>\$ 21,719,320</u>

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

At June 30, 2019, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2018	June 30, 2017
Net pension asset/(liability)	\$ (659,719)	\$ 1,631,293
District's portion of the Plan's total net pension asset/(liability)	0.0093111%	0.090213%

For the year ended June 30, 2019, the District recognized pension expense of \$436,939 for ERS and \$1,273,457 for TRS. At June 30, 2019, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 129,912	\$ 1,219,052	\$ 44,286	\$ 220,818
Changes of assumptions	165,826	5,702,438	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	169,320	1,810,859
Changes in proportion and differences between the District's contributions and proportionate share of contributions	37,675	196,228	19,500	123,056
District's contributions subsequent to the measurement date	<u>107,502</u>	<u>1,618,068</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 440,915</u>	<u>\$ 8,735,786</u>	<u>\$ 233,106</u>	<u>\$ 2,154,733</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

District contributions subsequent to the measurement date of \$107,502 for ERS and \$1,618,068 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2019	\$ -	\$ 1,642,516
2020	145,823	1,117,554
2021	(123,785)	124,492
2022	(9,311)	1,113,711
2023	87,580	780,002
2024	-	-
Thereafter	<u>-</u>	<u>184,710</u>
 TOTAL	 <u>\$ 100,307</u>	 <u>\$ 4,962,985</u>

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010-March 31, 2015	July 1, 2009-June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.5%	2.25%

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 plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Asset Type:		
Domestic Equity	4.55%	5.8%
International Equity	6.35	7.3
Real Estate	5.55	4.9
Alternative Investments	3.75 - 5.68	-
Domestic fixed income securities	-	1.3
Global fixed income securities	-	0.9
Global fixed income securities	-	6.7
Bonds and Mortgages	1.31	2.8
Short-term	1.00	0.3
Private Equities	7.50	8.9
Private Debt	-	6.8
High Yield Fixed Income Securities	-	3.5

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% 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 employees 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 7.00% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset / (liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.00% for ERS and 6.25% for TRS) or 1-percentagepoint higher (8.00% for ERS and 8.25% for TRS) than the current rate:

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (2,884,397)	\$ (659,719)	\$ 1,209,168
TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	\$ (11,207,246)	\$ 1,631,293	\$ 12,386,420

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:

	<u>ERS (in thousands)</u> April 1, 2018	<u>TRS</u> June 30, 2017
Valuation date		
Employers' total pension liability	\$ (189,803,429)	\$ (118,107,253,288)
Plan Net Position	<u>182,718,124</u>	<u>119,915,517,622</u>
Employer's net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ 1,808,264,344</u>
Ration of plan net position to the Employer's total pension asset/(liability)	96.27%	101.53%

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 represent the projected employer contribution for the period of April 1 through June 30 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$107,502.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions represent employee and employer contributions for the fiscal year ended June 30 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$1,786,568.

NOTE 13 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2019, the District received \$65,380 in tax abatement payments, which resulted in abated property taxes totaling \$28,328.

NOTE 14 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2019 and October 1, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2018)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2018
REVENUES					
Local Sources:					
Real Property Taxes	\$ 18,569,564	\$ 18,569,564	\$ 18,563,533	\$ (6,031)	\$ 18,214,829
Other Tax Items	1,385,598	1,385,598	1,276,465	(109,133)	1,345,467
Charges For Services	8,997	8,997	60,554	51,557	81,737
Use Of Money And Property	22,000	22,000	30,596	8,596	40,263
Sale Of Property And					
Compensation For Loss	-	7,002	27,429	20,427	6,209
Miscellaneous Local Sources	801,858	801,858	785,774	(16,084)	880,883
Interfund Revenue	-	-	6,042	6,042	5,445
State Sources:					
Basic Formula	16,996,053	16,996,053	16,403,000	(593,053)	16,370,224
Lottery Aid	2,175,000	2,175,000	2,241,501	66,501	2,366,231
BOCES	1,652,881	1,652,881	1,625,862	(27,019)	1,514,615
Other	167,797	167,797	608,176	440,379	298,877
Federal Sources	<u>75,000</u>	<u>75,000</u>	<u>109,758</u>	<u>34,758</u>	<u>105,990</u>
TOTAL REVENUES	41,854,748	41,861,750	41,738,690	(123,060)	41,230,770
OTHER FINANCING SOURCES					
Interfund Transfers In	<u>155,000</u>	<u>155,000</u>	<u>-</u>	<u>(155,000)</u>	<u>15,554</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>42,009,748</u>	<u>42,016,750</u>	<u>41,738,690</u>	<u>\$ (278,060)</u>	<u>41,246,324</u>
FUND BALANCE					
Appropriated Fund Balance	1,597,056	1,597,056			
Appropriated Reserves	-	-			
Prior Year Encumbrances	<u>-</u>	<u>321,350</u>			
TOTAL FUND BALANCE	<u>1,597,056</u>	<u>1,918,406</u>			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	<u>\$ 43,606,804</u>	<u>\$ 43,935,156</u>			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT,
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2018)

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNENCUMBERED BALANCES	2018
General Support:						
Board of Education	\$ 70,193	\$ 70,193	\$ 55,894	\$ 470	\$ 13,829	\$ 40,117
Central Administration	272,994	273,027	250,433	2,783	19,811	261,903
Finance	487,514	494,458	460,526	696	33,236	438,417
Staff	190,858	208,700	187,591	-	21,109	146,502
Central Services	2,030,193	2,135,167	1,954,843	36,402	143,922	1,858,273
Special Items	720,956	720,956	678,146	-	42,810	938,168
Instructional:						
Instruction, Administration And Improvement	1,704,734	1,727,756	1,540,741	17,015	170,000	1,544,417
Teaching:						
Regular School	10,284,885	10,512,379	10,152,237	162,054	198,088	9,938,873
Programs For Children With Handicapped						
Conditions	7,850,972	7,859,884	6,561,722	50,007	1,248,155	6,348,920
Occupational Education	583,900	620,312	620,312	-	-	454,581
Special Schools	-	10,616	10,616	-	-	625
Instructional Media	1,655,806	1,759,904	1,585,874	148,557	25,473	1,527,735
Pupil Services	1,828,572	2,061,636	1,959,945	20,610	81,081	1,680,160
Pupil Transportation	3,217,384	3,471,438	3,468,521	379	2,538	2,814,608
Community Services	38,205	42,853	41,997	-	856	41,047
Employee Benefits	11,545,873	10,770,850	10,706,583	-	64,267	10,267,199
TOTAL EXPENDITURES	42,483,039	42,740,129	40,235,981	438,973	2,065,175	38,301,545
OTHER USES						
Interfund Transfers Out	1,123,765	1,195,027	1,195,027	-	-	1,188,299
TOTAL EXPENDITURES AND OTHER USES	\$ 43,606,804	\$ 43,935,156	41,431,008	\$ 438,973	\$ 2,065,175	39,489,844
NET CHANGE IN FUND BALANCE			307,682			1,756,480
FUND BALANCE - Beginning of Year			10,206,344			8,449,864
FUND BALANCE - End of Year			\$ 10,514,026			\$ 10,206,344

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 3,192,585	\$ 2,236,251
Interest	2,783,509	2,497,405
Changes of Benefit Terms	(81,108)	-
Differences Between Expected and Actual Experience	11,876,012	-
Changes of Assumptions	15,673,779	(3,554,471)
Benefit Payments	<u>(1,770,557)</u>	<u>(2,659,017)</u>
Net Change in Total OPEB Liability	31,674,220	(1,479,832)
Beginning Total OPEB Liability	<u>69,609,587</u>	<u>71,089,419</u>
Ending Total OPEB Liability	<u>\$ 101,283,807</u>	<u>\$ 69,609,587</u>
Covered Employee Payroll	<u>\$ 16,134,228</u>	<u>\$ 18,035,296</u>
Total OPEB Liability as a Percentage of Covered Payroll	627.80%	385.96%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2018 Measurement Date:	3.87%
June 30, 2019 Measurement Date:	3.51%

Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2018. This change caused an increase in liabilities.

Termination and retirement rates have been updated based NYS ERS assumptions first adopted on April 1, 2015 and NYS TRS assumptions first adopted on June 30, 2015. Sample rates are shown in Appendix A. The net impact of this change is a liability increase.

Health care trend rates have been updated as follows, which caused a decrease in liabilities:

- a. Medical trend rates have been updated to 2018 Getzen model with initial trend rate of 5.50% decreasing gradually to an ultimate rate of 3.84% in 2075.
- b. Part B reimbursement trend rates have been updated to an initial rate of 1.12% increasing to an ultimate rate of 3.84% in 2075.

Actual spousal health coverage election is used for existing retirees instead of assuming that 75% of male and 55% of female retirees elected health coverage for their spouses. This change caused an increase in liabilities.

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2019

TRS System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.090213%	0.090773%	0.093962%	0.091406%	0.090658%
The District's proportionate share of the net pension asset (liability)	\$ 1,631,293	\$ 689,964	\$ (1,006,368)	\$ 9,494,164	\$ 10,098,699
The District's covered employee payroll	14,384,509	14,373,293	14,499,215	13,730,412	13,665,072
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	11.34%	4.80%	6.94%	69.15%	73.90%
Plan Fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0093111%	0.0091891%	0.0094453%	0.0095913%	0.0092165%
The District's proportionate share of the net pension liability	\$ (659,719)	\$ (296,574)	\$ (887,499)	\$ (1,539,424)	\$ (311,357)
The District's covered employee payroll	2,548,607	2,749,051	2,662,238	2,487,871	2,598,965
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	25.89%	10.79%	33.34%	61.88%	11.98%
Plan Fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019

TRS System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 1,618,069	\$ 1,440,082	\$ 1,684,550	\$ 1,922,596	\$ 2,406,941	\$ 2,220,547	\$ 1,479,491	\$ 1,479,491	\$ 1,090,576	\$ 783,445	\$ 997,412
Contribution in relation to the contractually required contribution	<u>1,618,069</u>	<u>1,440,082</u>	<u>1,684,550</u>	<u>1,922,596</u>	<u>2,406,941</u>	<u>2,220,547</u>	<u>1,479,491</u>	<u>1,479,491</u>	<u>1,090,576</u>	<u>783,445</u>	<u>997,412</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%

ERS System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 367,453	\$ 385,085	\$ 380,613	\$ 392,583	\$ 425,866	\$ 504,323	\$ 471,706	\$ 390,700	\$ 334,503	\$ 254,412	\$ 194,443
Contribution in relation to the contractually required contribution	<u>367,453</u>	<u>385,085</u>	<u>380,613</u>	<u>392,583</u>	<u>425,866</u>	<u>504,323</u>	<u>471,706</u>	<u>390,700</u>	<u>334,503</u>	<u>254,412</u>	<u>194,443</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	14.42%	14.01%	14.30%	15.78%	16.39%	18.88%	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2019

ADOPTED BUDGET	\$ 43,606,804
ADDITIONS:	
Encumbrances From Prior Year	321,350
Budget Revisions	<u>7,002</u>
FINAL BUDGET	<u>\$ 43,935,156</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2019

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2019-2020 Voter Approved Expenditure Budget		<u>\$ 46,471,065</u>
Maximum allowed (4% of Budget)		<u>\$ 1,858,843</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 3,474,028	
Unassigned Fund Balance	<u>4,037,065</u>	
Total Unrestricted Fund Balance		7,511,093
Less:		
Appropriated Fund Balance	3,035,055	
Encumbrances included in Assigned Fund Balance	<u>438,973</u>	
Total Adjustments		<u>3,474,028</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 4,037,065</u>
Actual Percentage		8.69%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019

PROJECT TITLE	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	EXPENDITURES		TOTAL	UNEXPENDED BALANCE	METHODS OF FINANCING			FUND BALANCE JUNE 30, 2018
			PRIOR YEARS	CURRENT YEARS			PROCEEDS OBLIGATION	LOCAL SOURCES	TOTAL	
Improvements	\$ 15,993,934	\$ 15,993,934	\$ 1,000,282	\$ 2,185,723	\$ 3,186,005	\$ 12,807,929	\$ -	\$ 290,000	\$ 290,000	\$ (2,896,005)
Smart Schools Bond Act	1,722,454	1,722,454	-	-	-	1,722,454	-	-	-	-
				<u>\$ 2,185,723</u>						<u>\$ (2,896,005)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2019

Capital Assets, Net	\$ 25,264,966
Less: Outstanding Bonds	5,225,000
Outstanding Energy Performance Contract	<u>1,118,636</u>
Net Investment in Capital Assets	<u>\$ 18,921,330</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	\$ 570,723
School Breakfast Program	10.553	N/A	239,283
Summer Food Service Program	10.559	N/A	<u>50,473</u>
Total Child Nutrition Cluster			860,479
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>42,379</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>902,858</u>
Passed Through State Department of Education			
Title I	84.010A	021-19-3290	890,710
Title I	84.010A	021-18-3290	68,953
Title I – School Improvement	84.010	011-18-2052	134,763
IDEA, Part B	84.027A	032-19-0963	431,666
IDEA, Pre-School	84.173A	033-19-0963	<u>15,935</u>
Total Special Education Cluster			<u>447,601</u>
Title IIA	84.367A	147-18-3290	1,340
Title IIA	84.367A	147-19-3290	139,980
Title IIIA, LEP	84.365A	293-19-3290	32,340
Title III, Immigrant Education	84.365A	149-19-3290	2,567
Title IV, SSAE	84.424A	204-19-3290	51,605
Title VIB	84.358B	006-19-3290	<u>24,364</u>
TOTAL DEPARTMENT OF EDUCATION			<u>1,794,223</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,697,081</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Fallsburg Central School District. The Fallsburg Central School District's reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance passed through other governmental agencies are included on the schedule.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

3. RELATIONSHIP TO GENERAL PUPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's financial statements as follows:

Governmental Funds:	
Special Aid Fund	\$ 1,794,223
School Lunch Fund	<u>902,858</u>
 TOTAL	 <u>\$ 2,697,081</u>

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 of the
Fallsburg Central School District
Fallsburg, New York

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Fallsburg Central School District, New York's basic financial statements and have issued our report thereon dated October 1, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fallsburg Central School District, New York'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



Mongaup Valley, New York
October 1, 2019

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fallsburg Central School District, New York'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 the Fallsburg Central School District, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Fallsburg Central School District, New York's compliance with those requirements.

Opinion on Each Major Federal Program

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

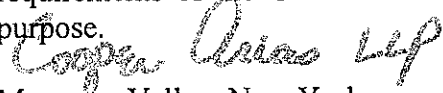
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.


Mongaup Valley, New York
October 1, 2019

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Fallsburg Central School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Fallsburg Central School District.
3. No instances of non-compliance material to the financial statements of the Fallsburg Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the Fallsburg Central School District expresses an unmodified opinion on all major federal programs.
5. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs for the Fallsburg Central School District.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

Title I	84.010A
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8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Fallsburg Central School District was determined to be a low-risk auditee.

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Awards Program Audit

None

FALLSBURG CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

There were no findings in the prior year.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Fallsburg Central School District as of June 30, 2019, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Fallsburg Central School District as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; 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 controls 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 of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Fallsburg Central School District as of June 30, 2019, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 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.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Fallsburg Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


Mongaup Valley, New York
October 1, 2019

FALLSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2019

ASSETS	
Cash	<u>\$ 90,606</u>
 TOTAL ASSETS	 <u>\$ 90,606</u>
 FUND BALANCE	 <u>\$ 90,606</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE-CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 06/30/18</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 06/30/19</u>
Class of 2015	\$ 6	\$ -	\$ 6	\$ -
Class of 2016	397	-	397	-
Class of 2017	125	-	125	-
Class of 2018	200	-	200	-
Class of 2019	6,496	26,700	33,096	100
Class of 2020	8,689	11,907	10,726	9,870
Class of 2021	3,374	5,612	3,821	5,165
Class of 2022	2,575	3,833	1,889	4,519
Class of 2023	1,390	5,592	3,002	3,980
Class of 2024	-	5,130	2,154	2,976
Leo Club	206	1	-	207
Interest Account	77	-	77	-
BCES SGA	1,856	4,031	4,253	1,634
Band Club	1,918	1,001	2,500	419
Band Club Scholarship	-	33,197	2,000	31,197
Drama Club	8,638	3,859	5,910	6,587
Key Club	(120)	788	172	496
Music Club	1,951	2	1,118	835
Students Against Drunk Driving	1,871	4	57	1,818
Student Government Assn.-				
High School	8,722	15,699	16,419	8,002
Yearbook- High School	50	6,504	4,775	1,779
Robotics Club	255	4,240	2,783	1,712
Young Entrepreneur's Club	75	814	781	108
PBIS	2,788	1,357	823	3,322
Environmental Club	485	1	-	486
Builders Club	478	1	-	479
Interact Club	1,296	2	536	762
Cheer	2,269	1	58	2,212
Skills For Life	377	1,850	931	1,296
Art	213	309	463	59
NYS Sales Tax	(21)	1,488	881	586
TOTALS	<u>\$ 56,636</u>	<u>\$ 133,923</u>	<u>\$ 99,953</u>	<u>\$ 90,606</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASROOM ACTIVITY FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the High School Extraclassroom Activity Fund of the Fallsburg Central School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest earned from the investment of the activity fund is distributed pro-rata to all activities having a cash balance.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

The District’s policy is to transfer account balance of inactive clubs to the Student Council Fund.