

**YORKSHIRE-PIONEER CENTRAL
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2019

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Yorkshire-Pioneer Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Yorkshire-Pioneer Central School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates 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 accompanying supplementary information including the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

A handwritten signature in black ink that reads "Linnaden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 1, 2019

Yorkshire-Pioneer Central School District
Management's Discussion and Analysis
June 30, 2019
Unaudited

Introduction

Management's Discussion and Analysis (MD&A) of Yorkshire-Pioneer Central School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2019. The information contained in the MD&A should be considered in conjunction with the information presented in the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) agency fund statements, (5) notes to the financial statements, and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the difference between them is reported as net position. The statement of activities presents information showing how the District's net position changed during each 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Agency funds are used to account for resources held for the benefit of parties outside the District. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and governmental fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	Change			
	2019	2018	\$	%
Current and other assets	\$ 21,716,000	\$ 22,393,000	\$ (677,000)	(3.0%)
Capital assets	61,473,000	59,899,000	1,574,000	2.6%
Total assets	83,189,000	82,292,000	897,000	1.1%
Deferred outflows of resources	13,164,000	14,170,000	(1,006,000)	(7.1%)
Long-term liabilities	49,567,000	43,453,000	6,114,000	14.1%
Other liabilities	3,670,000	12,476,000	(8,806,000)	(70.6%)
Total liabilities	53,237,000	55,929,000	(2,692,000)	(4.8%)
Deferred inflows of resources	3,275,000	4,145,000	(870,000)	(21.0%)
Net position				
Net investment in capital assets	19,504,000	17,401,000	2,103,000	12.1%
Restricted	6,517,000	5,464,000	1,053,000	19.3%
Unrestricted	13,820,000	13,523,000	297,000	2.2%
Total net position	\$ 39,841,000	\$ 36,388,000	\$ 3,453,000	9.5%

Net position at June 30, 2019 and 2018 was \$39,841,000 and \$36,388,000, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position represents resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by laws and regulations. These items consist of the debt service reserve, which is required to be used for the repayment of bonds issued to finance capital projects; the capital reserve, which is set aside to pay for future renovations in concert with the District's long-term capital plan; the employee benefit accrued liability reserve, which is restricted to pay for future accumulated vacation and sick pay of current employees; the retirement contribution reserve, which can only be used to fund required District contributions to the New York State and Local Employees' Retirement System (ERS); and the unemployment insurance reserve, which is restricted to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants.

Current and other assets decreased \$677,000 (\$4,859,000 increase in 2018) primarily as a result of a decrease in cash due to the timing of payment of accounts payable. An increase of \$1,574,000 in capital assets (\$2,109,000 increase in 2018) is the result of current year additions in excess of depreciation.

Long-term liabilities increased \$6,114,000 (\$6,489,000 decrease in 2018) primarily due the issuance of bonds totaling \$8,010,000, offset by required principal payments of \$3,895,000. Other liabilities decreased \$8,806,000 which is primarily due to BANs of \$7,400,000 in the prior year that were converted to bonds in 2019.

Changes in deferred outflows and deferred inflows of resources primarily reflect changes in pension activity at the State level which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net pension position. Deferred outflows of resources and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

Condensed Statement of Activities	2019	2018	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 642,000	\$ 758,000	\$ (116,000)	(15.3%)
Operating grants and contributions	4,335,000	4,170,000	165,000	4.0%
General revenues				
Taxes and related items	12,971,000	12,820,000	151,000	1.2%
State aid	38,302,000	36,777,000	1,525,000	4.1%
Other	1,430,000	1,077,000	353,000	32.8%
Total revenue	57,680,000	55,602,000	2,078,000	3.7%
Expenses				
Instruction	41,777,000	42,368,000	(591,000)	(1.4%)
Support services				
General support	6,771,000	6,426,000	345,000	5.4%
Pupil transportation	3,276,000	3,292,000	(16,000)	(0.5%)
Food service	1,216,000	1,173,000	43,000	3.7%
Interest and other	1,187,000	1,076,000	111,000	10.3%
Total expenses	54,227,000	54,335,000	(108,000)	(0.2%)
Change in net position	3,453,000	1,267,000	2,186,000	172.5%
Net position – beginning	36,388,000	35,121,000	1,267,000	3.6%
Net position – ending	\$ 39,841,000	\$ 36,388,000	\$ 3,453,000	9.5%

District revenues increased by \$2,078,000 from 2018 (\$1,084,000 or 2.0% increase in the prior year). The increase in revenues is a result of increases in State aid of \$1,525,000 (increase of \$471,000 or 1.3% in 2018), resulting from increases in building aid of \$738,000 and foundation aid of \$664,000. Other revenue increased \$353,000 due to increases in BOCES refunds.

Total expenses decreased \$108,000 (increase of \$833,000 or 1.6% in 2018). Instruction decreased \$591,000 due to various factors including retirements and vacant positions. General support increased \$345,000 due mainly to fiscal agent fees paid for the issuance of new debt in the current year.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$9,177,000 to \$15,901,000 as described below:

- The capital projects fund experienced an increase in fund balance of \$5,759,000 (\$5,623,000 decrease in 2018) as a result of the issuance of debt offset by capital project expenditures.
- Total fund revenue increased \$2,120,000 or 3.8% (increase of \$1,082,000 or 2.0% in 2018) and total fund expenditures increased \$655,000 or 1.1% (increase of \$4,616,000 or 8.3% in 2018). The increase in revenue is the result of increases in State aid and BOCES refunds as mentioned previously. The increase in expenditures is primarily due to an increase in required debt service payments by \$939,000, partially offset by a decrease in capital outlay expenditures of \$513,000.
- The general fund experienced an increase in fund balance of \$1,171,000 during 2019 compared to a \$1,036,000 increase for 2018. The increase is primarily due to the increase mentioned previously related to State aid and BOCES refund revenues partially offset by the increase in debt service payments.

General Fund Budgetary Highlights

The total revenue budget for 2019 was \$52,225,000. Actual revenue was \$1,214,000 more than budget due primarily to BOCES refunds in excess of expected amounts.

Actual expenditures and carryover encumbrances were \$4,809,000 or 8.6% less than the \$56,210,000 revised spending plan. Significant positive variances occurred in teaching regular school, programs for children with handicapping conditions, and employee benefits.

Capital Assets

	2019	2018
Land	\$ 161,000	\$ 161,000
Construction in progress	1,208,000	4,998,000
Buildings and improvements	97,656,000	88,757,000
Furniture and equipment	4,527,000	4,390,000
Vehicles	787,000	744,000
	104,339,000	99,050,000
Accumulated depreciation	(42,866,000)	(39,151,000)
	\$ 61,473,000	\$ 59,899,000

Capital asset additions of \$5,427,000 were offset by depreciation and disposals of \$3,853,000.

Debt

At June 30, 2019, the District had \$40,280,000 in bonds outstanding, with \$4,200,000 due within one year (\$36,165,000 outstanding at June 30, 2018). Compensated absences totaled \$2,505,000, with \$414,000 expected to be paid within one year (\$2,510,000 outstanding at June 30, 2018).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

School districts in New York State are impacted by political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

The District will continue to mitigate the impact of rising costs of education on the overall budget, including using reserve funds as permitted by law to lessen the budgetary impact. The property tax levy cap emphasizes the importance of using reserves judiciously and implementing creative cost cutting measures. These issues and concerns require management to plan carefully and prudently to provide the education resources necessary to meet student needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nicholas Silvaroli, Assistant Superintendent, Yorkshire-Pioneer Central School District, P.O. Box 579, Yorkshire, New York 14173.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

(With comparative totals as of June 30, 2018)

	2019	2018
Assets		
Cash	\$ 17,127,598	\$ 19,002,975
Due from other governments	97,298	167,278
State and federal aid receivable	2,232,235	2,227,864
Inventory	70,140	62,073
Net pension asset	2,188,346	933,069
Capital assets (Note 5)	104,339,377	99,050,543
Accumulated depreciation	(42,866,081)	(39,151,250)
Total assets	83,188,913	82,292,552
Deferred Outflows of Resources		
Defeasance loss	413,761	496,513
Deferred outflows of resources related to pensions	12,186,670	13,586,287
Deferred outflows of resources related to OPEB	563,503	87,092
Total deferred outflows of resources	13,163,934	14,169,892
Liabilities		
Accounts payable	471,120	1,899,594
Accrued liabilities	381,756	568,296
Due to retirement systems	2,386,891	2,196,880
Due to other governments	146,735	136,493
Bond anticipation notes	-	7,400,000
Unearned revenue	283,795	275,099
Long-term liabilities		
Due within one year:		
Bonds	4,200,000	3,895,000
Workers' compensation liability	83,000	66,000
Compensated absences	414,000	453,000
Due beyond one year:		
Bonds and related premiums	38,332,650	33,490,311
Workers' compensation liability	472,859	374,932
Compensated absences	2,091,000	2,057,000
Net pension liability	963,352	451,883
Total OPEB liability	3,009,883	2,664,231
Total liabilities	53,237,041	55,928,719
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	3,182,908	4,145,351
Deferred inflows of resources related to OPEB	92,207	-
Total deferred inflows of resources	3,275,115	4,145,351
Net Position		
Net investment in capital assets	19,504,181	17,401,372
Restricted	6,516,488	5,464,171
Unrestricted	13,820,022	13,522,831
Total net position	\$ 39,840,691	\$ 36,388,374

See accompanying notes.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2019

(With summarized comparative totals for June 30, 2018)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2019	2018
Governmental activities					
General support	\$ 6,770,983	\$ 297,538	\$ -	\$ (6,473,445)	\$ (6,098,719)
Instruction	41,777,169	101,032	3,384,327	(38,291,810)	(38,872,690)
Pupil transportation	3,276,279	-	-	(3,276,279)	(3,357,421)
Community services	43,427	-	-	(43,427)	(89,729)
Interest expense	1,143,653	-	-	(1,143,653)	(986,022)
School food service	1,216,157	243,911	950,083	(22,163)	(2,266)
	<u>\$ 54,227,668</u>	<u>\$ 642,481</u>	<u>\$ 4,334,410</u>	<u>(49,250,777)</u>	<u>(49,406,847)</u>
General revenues					
Real property taxes				12,800,074	12,613,073
Sales tax				170,700	206,982
Other				1,429,969	1,077,255
State aid				38,302,351	36,777,197
Total general revenues				<u>52,703,094</u>	<u>50,674,507</u>
Change in net position				3,452,317	1,267,660
Net position - beginning				36,388,374	35,120,714
Net position - ending				<u>\$ 39,840,691</u>	<u>\$ 36,388,374</u>

See accompanying notes.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2019

(With summarized comparative totals as of June 30, 2018)

	General	Special Aid	Debt Service	Capital Projects	School Lunch	Total Governmental Funds	
						2019	2018
Assets							
Cash	\$ 15,428,465	\$ 1,074,725	\$ -	\$ 239,588	\$ 384,820	\$ 17,127,598	\$ 19,002,975
Due from other governments	96,634	-	-	-	664	97,298	167,278
State and federal aid receivable	814,001	1,353,468	-	-	64,766	2,232,235	2,227,864
Due from other funds, net	-	-	2,434,334	129,346	-	2,563,680	5,586,367
Inventory	-	-	-	-	70,140	70,140	62,073
Total assets	\$ 16,339,100	\$ 2,428,193	\$ 2,434,334	\$ 368,934	\$ 520,390	\$ 22,090,951	\$ 27,046,557
Liabilities and Fund Balances							
Accounts payable	\$ 211,394	\$ 15,662	\$ -	\$ 219,160	\$ 24,904	\$ 471,120	\$ 1,899,594
Accrued liabilities	104,835	16,230	-	-	11,691	132,756	132,296
Due to retirement systems	2,386,891	-	-	-	-	2,386,891	2,196,880
Due to other funds, net	451,174	2,112,506	-	-	-	2,563,680	5,586,367
Due to other governments	144,428	-	-	-	2,307	146,735	136,493
Bond anticipation notes	-	-	-	-	-	-	7,400,000
Unearned revenue	205,159	283,795	-	-	-	488,954	518,212
Total liabilities	3,503,881	2,428,193	-	219,160	38,902	6,190,136	17,869,842
Fund Balances							
Nonspendable:							
Inventory	-	-	-	-	70,140	70,140	62,073
Workers' compensation escrow	281,702	-	-	-	-	281,702	312,723
Restricted:							
Unemployment insurance	7,205	-	-	-	-	7,205	7,183
Retirement contribution	356,663	-	-	-	-	356,663	356,434
Capital	2,994,327	-	-	149,774	-	3,144,101	1,903,827
Debt service	-	-	2,434,334	-	-	2,434,334	2,472,963
Employee benefit accrued liability	723,959	-	-	-	-	723,959	723,764
Assigned:							
Designated for subsequent year's expenditures	3,270,000	-	-	-	-	3,270,000	3,300,000
Other purposes	204,984	-	-	-	411,348	616,332	787,673
Unassigned	4,996,379	-	-	-	-	4,996,379	(749,925)
Total fund balances	12,835,219	-	2,434,334	149,774	481,488	15,900,815	9,176,715
Total liabilities and fund balances	\$ 16,339,100	\$ 2,428,193	\$ 2,434,334	\$ 368,934	\$ 520,390	\$ 22,090,951	\$ 27,046,557

See accompanying notes.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2019

Total fund balances - governmental funds		\$ 15,900,815
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 are not reported as assets in governmental funds.		61,473,296
Sales tax revenue received in the current year is used to offset property tax revenue received in the following year and is therefore recorded as unearned revenue in the governmental funds.		205,159
The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Net pension asset	2,188,346	
Deferred outflows of resources related to pensions	12,186,670	
Net pension liability	(963,352)	
Deferred inflows of resources related to pensions	<u>(3,182,908)</u>	10,228,756
Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide statements.		413,761
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to OPEB	563,503	
Total OPEB liability	(3,009,883)	
Deferred inflows of resources related to OPEB	<u>(92,207)</u>	(2,538,587)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:		
Bonds and related premiums	(42,532,650)	
Accrued interest	(249,000)	
Workers' compensation liability	(555,859)	
Compensated absences	<u>(2,505,000)</u>	(45,842,509)
Net position - governmental activities		\$ 39,840,691

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2019

(With summarized comparative totals for June 30, 2018)

						Total	
	General	Special Aid	Debt Service	Capital Projects	School Lunch	Governmental Funds	
						2019	2018
Revenues							
Real property taxes	\$ 10,518,959	\$ -	\$ -	\$ -	\$ -	\$ 10,518,959	\$ 10,242,071
Real property tax items	2,281,115	-	-	-	-	2,281,115	2,371,002
Nonproperty taxes	208,654	-	-	-	-	208,654	194,225
Charges for services	101,032	-	-	-	-	101,032	132,737
Use of money and property	508,226	-	11,371	97	493	520,187	403,539
Sale of property and compensation for loss	19,171	-	-	-	-	19,171	5,946
Miscellaneous	1,112,915	28,310	-	-	17,099	1,158,324	982,924
Interfund revenue	10,868	-	-	-	-	10,868	10,791
State sources	38,302,351	1,495,036	-	-	26,942	39,824,329	38,361,724
Federal sources	374,981	1,486,000	-	-	923,141	2,784,122	2,552,426
Sales	-	-	-	-	226,812	226,812	276,547
Total revenues	53,438,272	3,009,346	11,371	97	1,194,487	57,653,573	55,533,932
Expenditures							
General support	5,645,680	-	-	140,724	579,525	6,365,929	5,972,964
Instruction	27,853,019	2,764,011	-	-	-	30,617,030	31,260,173
Pupil transportation	2,994,615	61,078	-	-	-	3,055,693	3,017,616
Community services	17,475	25,952	-	-	-	43,427	89,729
Employee benefits	8,825,213	256,460	-	-	176,318	9,257,991	8,782,543
Debt service							
Principal	4,408,875	-	-	-	-	4,408,875	3,965,000
Interest	1,451,286	-	-	-	-	1,451,286	956,655
Cost of sales	-	-	-	-	455,642	455,642	442,752
Capital outlay	-	-	-	5,110,075	594	5,110,669	5,623,763
Total expenditures	51,196,163	3,107,501	-	5,250,799	1,212,079	60,766,542	60,111,195
Excess revenues (expenditures)	2,242,109	(98,155)	11,371	(5,250,702)	(17,592)	(3,112,969)	(4,577,263)
Other financing sources (uses)							
BAN and bond premiums	77,470	-	-	1,235,724	-	1,313,194	70,811
Proceeds from issuance of bonds	-	-	-	8,010,000	-	8,010,000	-
BANs redeemed from appropriations	-	-	-	513,875	-	513,875	-
Operating transfers, net	(1,148,155)	98,155	(50,000)	1,250,000	(150,000)	-	-
Total other financing sources (uses)	(1,070,685)	98,155	(50,000)	11,009,599	(150,000)	9,837,069	70,811
Net change in fund balances	1,171,424	-	(38,629)	5,758,897	(167,592)	6,724,100	(4,506,452)
Fund balances (deficit) - beginning	11,663,795	-	2,472,963	(5,609,123)	649,080	9,176,715	13,683,167
Fund balances - ending	\$ 12,835,219	\$ -	\$ 2,434,334	\$ 149,774	\$ 481,488	\$ 15,900,815	\$ 9,176,715

See accompanying notes.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2019

Total net change in fund balances - governmental funds	\$ 6,724,100
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense and disposals.	1,574,003
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Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2019 TRS and ERS contributions	2,672,231	
2019 ERS accrued contribution	161,119	
2018 ERS accrued contribution	(163,323)	
2019 TRS net pension expense	(1,687,780)	
2019 ERS net pension expense	(675,613)	306,634

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.	38,552
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Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position.	3,895,000
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Bond proceeds and related premiums are recognized as other financing sources in the year the bonds are issued. In the government-wide statements, the debt and related premiums are reflected as long-term liabilities.	(9,245,724)
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Sales tax revenue received in the current year is used to offset property tax revenue received in the following year. In the governmental funds, this sales tax revenue is recognized at the same time as the property tax revenue. In the statement of activities, these amounts are recognized when earned.	(37,954)
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In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:

Amortization of defeasance loss	(82,752)	
Amortization of bond premium	203,385	
Interest	187,000	
Workers' compensation	(114,927)	
Compensated absences	5,000	197,706

Change in net position - governmental activities	\$ 3,452,317
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YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 12,729,707	\$ 10,516,338	\$ 10,518,959		\$ 2,621
Real property tax items	65,000	2,069,715	2,281,115		211,400
Nonproperty taxes	-	208,654	208,654		-
Charges for services	203,500	203,500	101,032		(102,468)
Use of money and property	199,000	199,000	508,226		309,226
Sale of property and compensation for loss	-	-	19,171		19,171
Miscellaneous	190,700	204,700	1,112,915		908,215
Interfund revenue	-	-	10,868		10,868
State sources	38,657,631	38,657,631	38,302,351		(355,280)
Federal sources	165,000	165,000	374,981		209,981
Total revenues	52,210,538	52,224,538	53,438,272		1,213,734
Expenditures					
General support					
Board of education	31,600	33,472	35,171	-	1,699
Central administration	236,940	235,068	234,403	3,692	3,027
Finance	493,457	491,342	483,258	-	(8,084)
Staff	290,441	292,359	287,461	-	(4,898)
Central services	3,533,464	3,533,352	3,812,113	70,931	349,692
Special items	803,415	803,415	793,274	-	(10,141)
Instruction					
Instruction, administration, and improvement	1,909,139	1,909,035	1,831,039	1,226	(76,770)
Teaching - regular school	14,127,592	14,142,463	12,535,157	51,821	(1,555,485)
Programs for children with handicapping conditions	7,726,611	7,726,611	6,698,370	61,797	(966,444)
Occupational education	1,660,690	1,661,801	1,584,513	163	(77,125)
Teaching - special schools	966,500	966,500	1,015,634	-	49,134
Instructional media	2,081,747	2,080,747	2,292,464	9,278	220,995
Pupil services	2,170,950	2,173,271	1,895,842	1,112	(276,317)
Pupil transportation	3,626,341	3,623,451	2,994,615	1,237	(627,599)
Community services	14,500	14,500	17,475	-	2,975
Employee benefits	10,816,782	10,816,782	8,825,213	3,727	(1,987,842)
Debt service					
Principal	4,362,686	4,362,686	4,408,875	-	46,189
Interest	1,343,349	1,343,349	1,451,286	-	107,937
Total expenditures	56,196,204	56,210,204	51,196,163	204,984	(4,809,057)
Excess revenues (expenditures)	(3,985,666)	(3,985,666)	2,242,109	(204,984)	6,022,791
Other financing sources (uses)					
BAN premium	-	-	77,470		77,470
Operating transfers in	500,000	500,000	50,000		(450,000)
Operating transfers out	(85,000)	(85,000)	(1,198,155)		1,113,155
Appropriated fund balance, reserves, and carryover encumbrances	3,570,666	3,570,666	-		(3,570,666)
Total other financing sources (uses)	3,985,666	3,985,666	(1,070,685)		(5,056,351)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 1,171,424	\$ (204,984)	\$ 966,440

See accompanying notes.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position**June 30, 2019**

	Private-Purpose Trusts	Agency
Assets		
Cash	\$ 377,179	\$ 1,184,929
Investments	323,239	-
Total assets	700,418	\$ 1,184,929
Liabilities		
Agency liabilities	-	\$ 1,047,787
Extraclassroom activities balances	-	137,142
Total liabilities	-	\$ 1,184,929
Net Position		
Restricted for scholarships	\$ 700,418	

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YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position**For the year ended June 30, 2019**

	Private-Purpose Trusts
Additions	
Gifts and donations	\$ 85,007
Net investment gain	23,982
	108,989
Deductions	
Scholarship awards	39,289
Other expenses	707
	39,996
Change in net position	68,993
Net position - beginning	631,425
Net position - ending	\$ 700,418

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Yorkshire-Pioneer Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America. In addition, the District's reporting entity does not contain any component units as defined by accounting standards.

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

Joint Venture

The District is one of 22 participating school districts in the Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2019, the District was billed \$7,881,000 for BOCES administrative and program costs. The District also recognized revenue of \$867,000 as a refund from prior year expenditures paid to BOCES and \$409,000 for substitute reimbursements, rental income, and other miscellaneous reimbursements. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Cattaraugus/Allegany Workers' Compensation Plan, Wyoming County Workers' Compensation Self-Insurance Plan, and the NY44 Health Benefits Plan Trust, which are public entity risk pools. These plans are designed to provide workers' compensation and health insurance coverage for participating entities. These activities are further discussed in Note 10. Subsequent to June 30, 2019, the District enrolled certain employees in the Labor Management Healthcare Fund (LMHF), a public entity risk pool, and withdrew them from the NY44 Health Benefits Plan Trust. Additional employees are scheduled to switch to the LMHF effective January 1, 2020.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

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 a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial 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 the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.

The District also elected to display the following as major funds:

- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.

The District reports the following fiduciary funds:

- *Private-purpose trust fund.* This fund reports trust arrangements under which principal and income benefit various third party scholarship arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and employee third party withholdings. The agency fund is custodial in nature and does not involve measurement of results of operations.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2019, the tax lien was issued on August 7, 2018 for collection from September 1 through November 15, 2018. Thereafter, uncollected amounts became the responsibility of Wyoming, Cattaraugus, Allegany, and Erie Counties and were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Erie County Industrial Development Agency (ECIDA) and Wyoming County Industrial Development Agency (WCIDA). ECIDA and WCIDA are public benefit corporations created by acts of the New York State Legislature to promote and assist private sector industrial and business development.

Through ECIDA and WCIDA, companies promise to expand or maintain facilities or employment within the Towns and Villages that are included within the District, to establish a new business within these localities, or to relocate an existing business. Economic development agreements entered into by ECIDA and WCIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%.

For the year ended June 30, 2019, the District's taxes were abated \$82,000 under these agreements, \$80,000 of which was granted through WCIDA. However, because the abated amounts are spread across the District's entire tax base, there is no impact on the overall property taxes collected.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2018 was approved by a majority of the voters in a general election held on May 15, 2018.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Investments

Investments held in private-purpose trusts are stated at fair value on a recurring basis as determined by quoted prices in active markets.

Inventory

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisal. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 1,000	20 - 40
Furniture and fixtures	\$ 1,000	5 - 15
Vehicles	\$ 1,000	5

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State Law. The Systems recognize benefits payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Postemployment Benefits Other Than Pensions (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows for resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments in the plan are recognized when due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrators and employee groups which provide for the payment of accumulated sick time or the option of converting this vested amount to provide for the payment of health insurance at retirement until exhausted.

The government-wide statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and certain deferred outflows reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed.

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory. The District previously withdrew from a workers' compensation public entity risk pool, as discussed in Note 10, and was required to fund an escrow account held by the workers' compensation plan to pay for claims. The escrow is classified as nonspendable as the District is contractually required to maintain the account until all claims are settled.

Fund balance restrictions consist of the following reserves:

- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In 2008, District voters approved the creation of a capital reserve of \$10,000,000 for a term no longer than fifteen years. To date, \$7,040,000 of this reserve has been funded.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are normally repaid within one year with the exception of transfers from the capital projects to the debt service fund, which are reimbursed when needed for debt service payments. Permanent transfers of funds include transfers to provide financing or other services.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Stewardship and Compliance

The District's unassigned fund balance in the general fund exceeds the 4% limit of the 2020 expenditure budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

3. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and 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 the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2019, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in the District's name.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 171,459	\$ 622,633	\$ 50,000	\$ 1,198,155
Special aid	-	2,112,506	98,155	-
Debt service	2,434,334	-	-	50,000
Capital projects	985,638	856,292	1,250,000	-
School lunch	-	-	-	150,000
	\$ 3,591,431	\$ 3,591,431	\$ 1,398,155	\$ 1,398,155

The District's general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure requests have been submitted and approved or when permanent financing is obtained. Amounts due the debt service fund will be paid when needed to make principal and interest payments on outstanding debt. Transfers from the general fund to the special aid fund and capital projects fund are considered permanent and represent the District's share of costs related to the summer school handicap program and the District's local share of capital project expenditures, respectively. Transfers from the debt service fund to the general fund are also considered permanent and are used to offset debt service payments made by the general fund. Transfers from the school lunch fund to the capital projects fund are for cafeteria-related capital improvements.

5. Capital Assets

	July 1, 2018	Increases	Retirements/ Reclassifications	June 30, 2019
Non-depreciable capital assets:				
Land	\$ 161,170	\$ -	\$ -	\$ 161,170
Construction in progress	4,997,521	5,110,075	(8,899,566)	1,208,030
Total non-depreciable assets	5,158,691	5,110,075	(8,899,566)	1,369,200
Depreciable capital assets:				
Buildings and improvements	88,757,082	-	8,899,566	97,656,648
Furniture and fixtures	4,390,572	160,759	(24,544)	4,526,787
Vehicles	744,198	155,995	(113,451)	786,742
Total depreciable assets	93,891,852	316,754	8,761,571	102,970,177
Less accumulated depreciation:				
Buildings and improvements	35,098,018	3,492,155	-	38,590,173
Furniture and fixtures	3,559,152	268,140	(22,648)	3,804,644
Vehicles	494,080	90,295	(113,111)	471,264
Total accumulated depreciation	39,151,250	3,850,590	(135,759)	42,866,081
Total depreciable assets, net	54,740,602	(3,533,836)	8,897,330	60,104,096
	\$ 59,899,293	\$ 1,576,239	\$ (2,236)	\$ 61,473,296

Depreciation expense has been allocated to the following functions: general support \$494,135, instruction \$3,033,420, pupil transportation \$318,957, and food service \$4,078.

As of June 30, 2019, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 61,473,296
Cash restricted for capital projects net of related payables	149,774
Defeasance loss	413,761
Bonds and related premium	(42,532,650)
	\$ 19,504,181

6. Short-Term Debt

Bond anticipation notes (BANs) issued and outstanding at June 30, 2018 amounted to \$7,400,000 and carried interest at 2.25%. During 2019, the District redeemed \$513,875 of BANs from appropriations, and repaid the remainder with proceeds from the issuance of new BANs of \$9,618,875 with interest at 2.75%. In June 2019, these BANs were repaid from the issuance of serial bonds (Note 7). There were no BANs outstanding at June 30, 2019.

7. Long-Term Liabilities

	July 1, 2018	Increases	Decreases	June 30, 2019	Amount Due in One Year
Bonds	\$ 36,165,000	\$ 8,010,000	\$ 3,895,000	\$ 40,280,000	\$ 4,200,000
Bond premiums	1,220,311	1,235,724	203,385	2,252,650	-
Workers' compensation liability	440,932	114,927	-	555,859	83,000
Compensated absences	2,510,000	-	5,000	2,505,000	414,000
	\$ 40,336,243	\$ 9,360,651	\$ 4,103,385	\$ 45,593,509	\$ 4,697,000

Existing Obligations

Description	Maturity	Rate	Balance
2012 Bonds	June 2026	2.25%-3.00%	\$ 880,000
2017 Refunding Bonds	July 2023	2.00%-5.00%	11,335,000
2017 Bonds	June 2030	2.00%-3.00%	20,055,000
2019 Bonds	June 2030	2.38%-2.60%	420,000
2019A Bonds	June 2033	3.00%-5.00%	7,590,000
			\$ 40,280,000

Debt Service Requirements

Years ending June 30,	Principal	Interest
2020	\$ 4,200,000	\$ 1,401,316
2021	4,405,000	1,173,779
2022	4,535,000	1,027,489
2023	4,705,000	863,814
2024	4,880,000	680,989
2025-2029	12,735,000	2,078,217
2030-2033	4,820,000	340,740
	\$ 40,280,000	\$ 7,566,344

8. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystsr.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on an employee's tier and years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.62% for 2019. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2019, these rates ranged from 9.4% - 19.7%.

The amount outstanding and payable to TRS for the year ended June 30, 2019 was \$2,122,508. A liability to ERS of \$161,119 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2019.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2019, the District reported an asset of \$2,188,346 for its proportionate share of the TRS net pension position and a liability of \$963,352 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures applied to roll forward the net pension position to June 30, 2018. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2018, the District's proportion was 0.121019%, a decrease of 0.001737 from its proportion measured as of June 30, 2017.

The ERS net pension position was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2019 measurement date, the District's proportion was 0.0135965%, a decrease of 0.0004048 from its proportion measured as of March 31, 2018.

For the year ended June 30, 2019, the District recognized net pension expense of \$2,363,393 on the government-wide statements (TRS expense of \$1,687,780 and ERS expense of \$675,613). At June 30, 2019, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,635,334	\$ 296,223	\$ 189,704	\$ 64,668
Changes of assumptions	7,649,706	-	242,147	-
Net difference between projected and actual earnings on pension plan investments	-	2,429,231	-	247,249
Changes in proportion and differences between contributions and proportionate share of contributions	110,356	124,354	75,796	21,183
District contributions subsequent to the measurement date	2,122,508	-	161,119	-
	\$ 11,517,904	\$ 2,849,808	\$ 668,766	\$ 333,100

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2020	\$ 2,184,121	\$ 230,702
2021	1,479,895	(174,348)
2022	147,722	(10,663)
2023	1,474,739	128,856
2024	1,007,110	-
Thereafter	252,001	-
	\$ 6,545,588	\$ 174,547

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2017 valuation, with update procedures used to roll forward the total pension liability to June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.25% (2.50% for the 2017 measurement)

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%

Projected Cost of Living Adjustments (COLA) – 1.5% compounded annually

Investment rate of return – 7.25% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis

Discount rate – 7.25%

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

For ERS, the actuarial assumptions used in the April 1, 2018 valuation, with update procedures used to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 4.2% (3.8% for the 2018 measurement)

COLA – 1.3% annually

Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries' Scale MP-2014

Discount rate – 7.0%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of long-term inflation assumptions) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	5.8%	36%	4.6%
Global and international equities	20%	6.7%-7.3%	14%	6.4%
Private equities	8%	8.9%	10%	7.5%
Real estate	11%	4.9%	10%	5.6%
Inflation-indexed bonds	-	-	4%	1.3%
Domestic fixed income securities	16%	1.3%	-	-
Global fixed income securities	2%	0.9%	-	-
Bonds and mortgages	7%	2.8%	17%	1.3%
Short-term	1%	0.3%	1%	(0.3)%
Other	2%	3.5%-6.8%	8%	3.8%-5.7%
	100%		100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 7.25% (TRS) and 7.0% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (15,034,297)	\$ 2,188,346	\$ 16,616,136
District's proportionate share of the ERS net pension asset (liability)	\$ (4,211,930)	\$ (963,352)	\$ 1,765,683

9. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance for certain District retirees and their spouses. The District pays fixed monthly amounts for life to two retirees. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. The Plan also provides an implicit rate subsidy for retirees that choose to remain on the District's healthcare plans subsequent to retirement. Eligibility for benefits is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. The Plan has no assets, does not issue financial statements, and is not a trust.

At July 1, 2018, employees covered by the Plan include:

Active employees	462
Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	-
	<u>514</u>

Total OPEB Liability

The District's total OPEB liability of \$3,009,883 was measured as of July 1, 2018 and was determined by an actuarial valuation as of July 1, 2018.

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – based on a combination of employer history, national trend surveys, and professional judgment, initially 8.0% and reduced to an ultimate rate of 4.5% after 2026

Salary increases – 1.76% to 10.0%

Mortality – RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018

Discount rate – 3.87% (3.56% for the prior year) based on a range of indices of 20-year bonds with an average rating of AA/Aa or higher as of the measurement date

Inflation rate – 2.5%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 2,664,231
Changes for the year:	
Service cost	182,228
Interest	98,039
Changes of benefit terms	-
Differences between expected and actual experience	168,046
Changes of assumptions or other inputs	84,088
Benefit payments	(186,749)
Net changes	345,652
Balance at June 30, 2019	\$ 3,009,883

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (2.87%)	Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB liability	\$ (3,236,753)	\$ (3,009,883)	\$ (2,795,893)

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using a rate that is 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (7.0% to 3.5%)	Healthcare Cost Trend Rate (8.0% to 4.5%)	1.0% Increase (9.0% to 5.5%)
Total OPEB liability	\$ (2,685,980)	\$ (3,009,883)	\$ (3,389,734)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2019, the District recognized OPEB expense of \$321,841. At June 30, 2019, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,765	\$ -
Changes of assumptions or other inputs	203,094	92,207
Benefit payments subsequent to the measurement date	173,644	-
	\$ 563,503	\$ 92,207

Payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,			
	2020	\$	41,574
	2021		41,574
	2022		41,574
	2023		41,574
	2024		41,574
	Thereafter		89,782
		\$	297,652

10. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan), sponsored by Erie 1 BOCES. The Plan administers a health insurance program to lower the costs of such coverage to the 44 participating members as of June 30, 2018 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalent. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2018, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

Workers' Compensation

The District participates in the Cattaraugus/Allegany Workers' Compensation Plan (the Plan) sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 22 members as of June 30, 2018 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such supplemental assessments have been required in the past three years.

The Plan information for the year ended June 30, 2018 is included in the financial statements of Cattaraugus-Allegany-Erie-Wyoming BOCES, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

The District participated in the Wyoming County Workers' Compensation Self-Insurance Plan (the Wyoming Plan) sponsored by Wyoming County (the County) through December 31, 2015. The District was required to fund an actuarially determined liability of \$642,417 upon withdrawal from the Wyoming Plan. This amount was placed in escrow and is being used to cover the costs of prior claims. The amount of cash in escrow at June 30, 2019 amounted to \$281,702.

11. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects any such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

Construction Commitments

The District has received voter approval and plans to spend up to \$9,832,000 for various renovations of District buildings and site improvements for the 2018 Capital Project. Amounts outstanding under this project totaled \$8,497,000 at June 30, 2019.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of the District's Proportionate Share of the Net Pension Position New York State Teachers' Retirement System

As of the measurement date of June 30,	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.121019%	0.122756%	0.121799%	0.120846%	0.118967%	0.120678%
District's proportionate share of the net pension asset (liability)	\$ 2,188,346	\$ 933,069	\$ (1,304,520)	\$ 12,552,081	\$ 13,252,234	\$ 794,364
District's covered payroll	\$ 19,710,092	\$ 19,404,863	\$ 18,794,842	\$ 18,152,755	\$ 17,573,348	\$ 17,674,764
District's proportionate share of the net pension position as a percentage of its covered payroll	11.10%	4.81%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:						
Inflation	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of District Contributions New York State Teachers' Retirement System

June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,122,508	\$ 1,931,589	\$ 2,274,250	\$ 2,492,196	\$ 3,182,178	\$ 2,855,669	\$ 2,092,692
Contribution in relation to the contractually required contribution	(2,122,508)	(1,931,589)	(2,274,250)	(2,492,196)	(3,182,178)	(2,855,669)	(2,092,692)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 19,985,951	\$ 19,710,092	\$ 19,404,863	\$ 18,794,842	\$ 18,152,755	\$ 17,573,348	\$ 17,674,764
Contributions as a percentage of covered payroll	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

Data prior to 2013 is unavailable.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of the District's Proportionate Share of the Net Pension Position New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0135965%	0.0140013%	0.0134372%	0.0136537%	0.0133658%
District's proportionate share of the net pension liability	\$ (963,352)	\$ (451,883)	\$ (1,262,587)	\$ (2,191,462)	\$ (451,530)
District's covered payroll	\$ 4,008,958	\$ 3,951,949	\$ 3,887,108	\$ 3,741,937	\$ 3,761,565
District's proportionate share of the net pension position as a percentage of its covered payroll	24.03%	11.43%	32.48%	58.56%	12.00%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:					
Inflation	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	7.0%	7.0%	7.0%	7.0%	7.5%

Data prior to 2015 is unavailable.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of District Contributions New York State and Local Employees' Retirement System

June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 549,723	\$ 562,667	\$ 578,814	\$ 663,526	\$ 720,917	\$ 720,430	\$ 752,414
Contribution in relation to the contractually required contribution	(549,723)	(562,667)	(578,814)	(663,526)	(720,917)	(720,430)	(752,414)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,008,958	\$ 3,951,949	\$ 3,887,108	\$ 3,741,937	\$ 3,761,565	\$ 3,742,496	\$ 3,891,545
Contributions as a percentage of covered payroll	13.71%	14.24%	14.89%	17.73%	19.17%	19.25%	19.33%

Data prior to 2013 is unavailable.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT**Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios**

June 30,	2019	2018	2017
Total OPEB liability - beginning	\$ 2,664,231	\$ 2,653,027	\$ 2,402,713
Changes for the year:			
Service cost	182,228	189,933	159,209
Interest	98,039	80,282	91,291
Changes of benefit terms	-	-	-
Differences between expected and actual experience	168,046	48,073	-
Changes of assumptions or other inputs	84,088	(118,553)	172,778
Benefit payments	(186,749)	(188,531)	(172,964)
Net change in total OPEB liability	345,652	11,204	250,314
Total OPEB liability - ending	\$ 3,009,883	\$ 2,664,231	\$ 2,653,027
Covered-employee payroll	\$ 22,831,194	\$ 22,390,213	\$ 22,102,876
Total OPEB liability as a percentage of covered-employee payroll	13.2%	11.9%	12.0%

Data prior to 2017 is unavailable.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

**Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund****For the year ended June 30, 2019**

Original expenditure budget	\$ 56,080,538
Encumbrances carried over from prior year	200,666
Budget amendment - donations	<u>14,000</u>
Revised budget	\$ 56,295,204

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Unrestricted Fund Balance

Assigned	\$ 3,474,984
Unassigned	<u>4,996,379</u>
	8,471,363
Encumbrances included in assigned fund balance	(204,984)
Appropriated fund balance used for tax levy	<u>(3,270,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	\$ 4,996,379

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2020 expenditure budget (unaudited)	\$ 57,242,648
4% of budget	<u>2,289,706</u>
Actual percentage of 2020 expenditure budget	8.7%

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures**June 30, 2019**

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2016 Capital Project	\$ 10,352,000	\$ 10,460,000	\$ 6,685,048	\$ 3,774,951	\$ 10,459,999	\$ 1
2018 Capital Project	10,553,000	9,832,401	-	1,335,124	1,335,124	8,497,277
	<u>\$ 20,905,000</u>	<u>\$ 20,292,401</u>	<u>\$ 6,685,048</u>	<u>\$ 5,110,075</u>	<u>\$ 11,795,123</u>	<u>\$ 8,497,278</u>

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures
U.S. Department of Education:			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-19-0085	\$ 692,394
Special Education Preschool Grants	84.173	0033-19-0085	26,241
Total Special Education Cluster			718,635
 Title I Grants to Local Educational Agencies	 84.010	 0021-18-0275	 10,037
Title I Grants to Local Educational Agencies	84.010	0021-19-0275	595,349
Career and Technical Education - Basic Grants to States	84.048	8000-19-0086	18,928
Supporting Effective Instruction State Grants	84.367	0147-18-0275	10,410
Supporting Effective Instruction State Grants	84.367	0147-19-0275	91,555
Student Support and Academic Enrichment Program	84.424	0204-19-0275	41,086
Total U. S. Department of Education			1,486,000
U.S. Department of Agriculture:			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	212,616
National School Lunch Program	10.555	N/A	602,795
Summer Food Service Program for Children	10.559	N/A	21,409
Total Child Nutrition Cluster			836,820
 Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	7,501
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	78,820
Total U.S. Department of Agriculture			923,141
 Total Expenditures of Federal Awards			 \$ 2,409,141

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of federal award programs that do not result in cash receipts or disbursements, termed "non-monetary programs." During the year ended June 30, 2019, the District used \$86,321 worth of commodities under the Child Nutrition Discretionary Grants Limited Availability program (CFDA Number 10.579) and the National School Lunch Program (CFDA Number 10.555).

INDEPENDENT AUDITORS' 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*

The Board of Education
Yorkshire-Pioneer Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Yorkshire-Pioneer Central School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, 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 District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Linmoden & McCormick, LLP

October 1, 2019

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

The Board of Education
Yorkshire-Pioneer Central School District

Report on Compliance for Each Major Federal Program

We have audited Yorkshire-Pioneer Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Lumaden & McCormick, LLP

October 1, 2019

YORKSHIRE-PIONEER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>	<u>Amount</u>
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 692,394
Special Education on Preschool Grants	84.173	26,241
		<u>\$ 718,635</u>

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

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.