

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Cassadaga Valley Central School District
Sinclairville, New York**

We have audited the accompanying financial statements of the governmental activities and each major fund of **Cassadaga Valley Central School District** as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the **Cassadaga Valley Central School District's** basic financial statements as listed in the accompanying Table of Contents. We have also audited the fiduciary fund types of the **Cassadaga Valley Central School District** as of June 30, 2019, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis-of-a-matter

As discussed in Note 7 to the financial statements, a prior period adjustment was necessary to adjust the District's opening other post-employee benefits (OPEB) balance, due to an identification of a plan provision not properly accounted for in the prior year actuarial report. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the **Cassadaga Valley Central School District's** June 30, 2018 financial statements, and our report dated October 9, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability, schedule of the District's contributions for OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans on pages 3 through 9, 37 through 38, and 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Cassadaga Valley Central School District's** basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019 on our consideration of **Cassadaga Valley Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Cassadaga Valley Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 15, 2019**

I. Discussion and Analysis

The following is a discussion and analysis of the *Cassadaga Valley Central School District's* financial performance for the year ended June 30, 2019. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Cassadaga Valley Central School District* during the fiscal year ended June 30, 2019:

- Overall net position of the District increased during the current year from operations in the amount of \$35,000 as compared to a decrease of \$1,870,000 during the prior fiscal year.
- The District's total revenue increased 2% from \$22,014,000 for the year ended June 30, 2018 to \$22,361,000 for the year ended June 30, 2019. This increase was primarily the result of an increase real property taxes and state aid.
- The District's total expenses decreased approximately 7% from \$23,884,000 during the year ended June 30, 2018 to \$22,326,000 during the year ended June 30, 2019. This decrease was mostly related to a decrease in other post-employment benefit expense related to a new actuarial update. In addition the District had a decrease in teachers' retirement system expense related to an actuarial update and a decrease in instructional salaries.
- The District had capital outlays during the current year in the amount of \$8,394,000, which primarily related to current year capital projects and bus purchases.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of *Cassadaga Valley Central School District*.

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements): (continued)

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

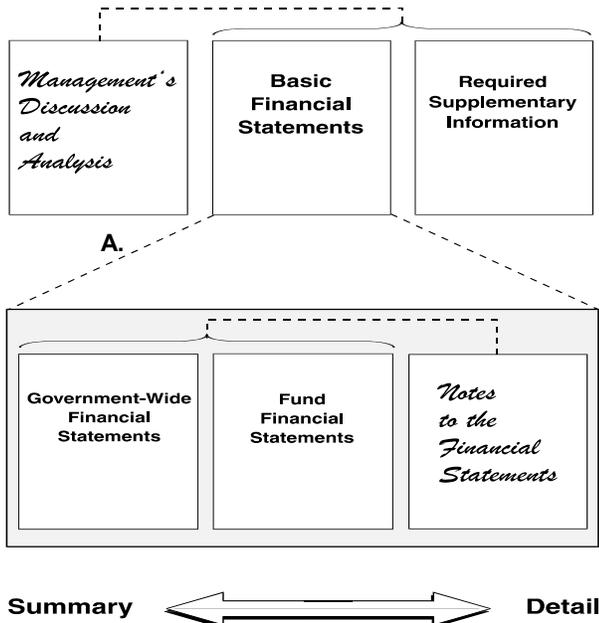
2. Fiduciary Funds

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

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District decreased 7% to \$22,326,000. The District's expenses cover a range of services, with 78% related to instruction and 12% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 2%, while total expenses decreased 7%. The District's net position from operations increased approximately \$35,000 or 0% during the fiscal year ended June 30, 2019.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$22,361,000 for the fiscal year ended June 30, 2019. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 23% of the District's total revenue for governmental activities increased 2% due to an increase in the tax levy in the current year.
- The District's most significant revenue is state sources which represent \$13,280,000 or 59% of total governmental revenue. The District state sources increased 1% which was primarily related to increases in basic state aid.
- During the year ended June 30, 2019, the District saw an increase in program revenue in the amount of \$48,000, which mostly resulted from an increase in operating grants and contributions which increased \$130,000 due to an increase in Title I funding. This was partially offset by a decrease in charges for services of \$82,000. The District saw an increase in grants and contributions and a decrease in charges for services in the food service program due to the District enrolling in the Community Eligibility Provision (CEP) program in the current year. As a result the makeup of cafeteria revenue changed.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position (deficit) was approximately \$ (7,548,000). The components of net position include net investment in capital assets, of \$8,601,000; restricted net position of \$3,508,000; and unrestricted net position (deficit) of \$ (19,657,000).

Changes in Net Position

The District's total government-wide revenue increased by approximately 2% to \$22,361,000. Approximately 23%, 16% and 59% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 2% comes from federal sources and miscellaneous.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, interest and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$22,326,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$269,000 related to an increase in salaries, contractual expenses and BOCES expense. These increases were partially offset by a decrease in other post-employee benefits resulting from a new actuarial update.
- The District's instruction costs decreased by approximately \$1,809,000 which was the result of an decrease in other post-employee benefits expense related to a new actuarial study, instructional salaries and teachers' retirement system expense.
- Debt service of the District increased approximately \$182,000 during the year ended June 30, 2019. This increase resulted from an increase in interest expense related to an increase in bond anticipation notes outstanding.
- Transportation costs of the District decreased 16% or \$279,000 during the year ended June 30, 2019. This decrease was the result of a decrease in other post-employee benefits expense related to a new actuarial study along with less contractual expenses.
- The District's cost of sales (food service fund) totaled \$557,000 during the current year as compared to \$478,000 during the fiscal year ended June 30, 2018. This increase was due to increased participation due to starting the community eligible provision (CEP).
- The District received approximately \$ 3,539,296 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the Districts net costs (\$18,787 million) were financed by real property taxes and state aid.

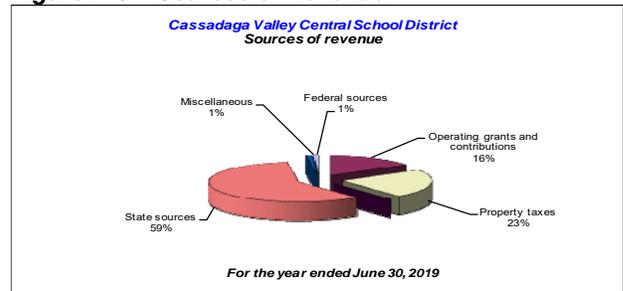
Figure A-3 – Condensed Statement of Net Position

Cassadaga Valley Central School District Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2019	2018	% Change
Assets			
Current and other assets	\$ 9,633	\$ 8,011	20%
Capital assets	26,202	18,763	40%
Total assets	35,835	26,774	34%
Deferred Outflows of Resources			
Deferred outflows - OPEB	7,600	9,006	-16%
Total deferred outflows of resources and assets	\$ 43,435	\$ 35,780	21%
Liabilities			
Other liabilities	\$ 17,292	\$ 7,671	125%
Long-term debt outstanding	31,712	38,150	-17%
Total liabilities	49,004	45,820	7%
Deferred Inflows of Resources			
Deferred inflows related to OPEB	1,979	2,743	-28%
Total deferred inflows of resources and liabilities	50,983	48,563	5%
Net position			
Invested in capital assets, Net of related debt	8,601	8,933	-4%
Restricted	3,508	3,881	-10%
Unrestricted (deficit)	(19,657)	(25,597)	-23%
Total net position	(7,548)	(12,783)	-41%
Total liabilities and net position	\$ 43,435	\$ 35,780	21%

Figure A-4 – Changes in Net Position

Cassadaga Valley Central School District Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2019	2018	% Change
Revenue			
Program revenue			
Charges for services	\$ 66	\$ 148	-55%
Operating grants and contributions	3,473	3,343	4%
General revenue			
Real property taxes	5,183	5,059	2%
Use of money & property	61	10	510%
Sale of property & comp for loss	19	31	-39%
State sources	13,280	13,186	1%
Federal sources	99	64	55%
Miscellaneous	180	173	4%
Total revenue	22,361	22,014	2%
Expenses			
General support	3,151	2,882	9%
Instruction	16,746	18,555	-10%
Transportation	1,464	1,743	-16%
Debt service - interest	408	226	81%
Cost of sales	557	478	17%
Total expenses	22,326	23,884	-7%
Change in net position	\$ 35	\$ (1,870)	

Figure A-5 – Sources of Revenue



**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Figure A-6 - Expenses

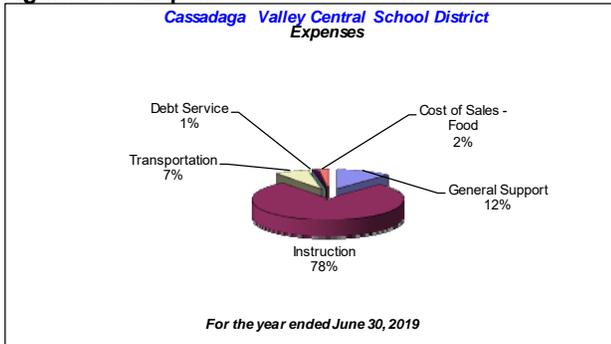


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2019		2018	
Expenditures supported with general revenue (from taxes & other sources)	\$ 18,787	84%	\$ 20,393	85%
Expenditures supported with program revenue	3,539	16%	3,491	15%
Total expenditures related to governmental activities	\$ 22,326	100%	\$ 23,884	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2019	2018	Change	2019	2018	Change
General support	\$ 3,151	\$ 2,882	\$ 269	\$ 3,151	\$ 2,882	\$ 269
Instruction	16,746	18,556	(1,810)	15,772	17,626	(1,854)
Transportation	1,464	1,743	(279)	299	509	(210)
Debt service - interest	408	225	183	(460)	(654)	194
Cost of sales - food	557	478	79	25	30	(5)
Total	\$ 22,326	\$ 23,884	\$ (1,558)	\$ 18,787	\$ 20,393	\$ (1,606)

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net assets is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term

V. Financial Analysis of the School District's Funds (continued)

debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses revenue and other sources exceeded revenue and other sources by approximately \$376,000.
- The District's general fund unassigned fund balance equated to approximately \$954,000 as of June 30, 2019.
- The District has many fund balance reserves during the year ended June 30, 2019, and had a total restricted fund balance approximated \$3,473,000.
- The District's total assets decreased approximately \$413,000 as of June 30, 2019, primarily due to a decrease in due from other funds.
- The District's liabilities decreased approximately \$37,000, primarily due to a decrease in accounts payable partially offset by an increase in due to teachers' retirement system.
- Total revenue in the District's general fund increased \$230,000, which was primarily related to the increase in state aid and real estate taxes.
- Total expenditures in the District's general fund increased \$656,000 primarily due to increases in salaries expense, employee benefits, and BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a \$24,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$581,000 during 2019 as compared with \$499,000 in 2018. This increase was primarily due to an increase in participation resulting from the enrollment in the Community Eligibility Provision (CEP) program whereby meals are provided to children at no cost. Expenditures in the food service fund increased approximately \$60,000 primarily related to an increase in salaries and food costs.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$182,000 due to an increase in Title I and Title IIA funding during the current year.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**V. Financial Analysis of the School District's Funds
(continued)**

Capital Projects Fund

The District had expenditures in the amount of \$8,394,000 in capital projects during the year ended June 30, 2019, which was related to current year capital project expenses and bus purchases.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,066,000 below the revised budget. The most significant positive variances were in the areas of general support, instruction, transportation and employee benefits which totaled \$204,000, \$264,000, \$206,000 and \$378,000, respectively, below that which was budgeted. On the other hand, resources available for appropriations were approximately \$84,000 below the final budgeted amount. Significant variances of revenue items consisted of state sources which were \$306,000 below that budgeted, while local sources were \$153,000 above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Cassadaga Valley Central School District</i>					
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>					
	Revised				
	Budget	Actual	Difference	%	
Revenue					
Local sources	\$ 5,315	\$ 5,468	\$ 153	3%	
State sources	15,599	15,293	(306)	-2%	
Federal sources	50	99	49	98%	
Other sources	-	20	20	n/a	
Total revenue	\$ 20,964	\$ 20,880	\$ (84)	0%	
Expenditures					
General support	\$ 2,731	\$ 2,527	\$ 204	7%	
Instruction	11,391	11,127	264	2%	
Transportation	1,065	859	206	19%	
Employee benefits	5,623	5,245	378	7%	
Debt service	1,336	1,322	14	1%	
Operating transfers	176	176	-	0%	
Total expenditures	\$ 22,322	\$ 21,256	\$ 1,066	5%	

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2019, the District had invested approximately \$26,202,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2019, totaled approximately \$8,394,000 and consisted primarily of costs associated with current year capital projects and the purchase of buses. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2019, the District had approximately \$31,711,000 in bonds, other post-employment benefits, net pension liability and compensated absences, a decrease of approximately 17% as compared with the previous year. The decrease in bonds payable was the result of current year debt payments. The increase in pension liability and the decrease in other post-employee benefits liability was the result of new actuarial updates.

Figure A-10 – Capital Assets

<i>Cassadaga Valley Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2019	2018	Change
Land	\$ 352,700	\$ 352,700	0%
Cost basis	40,765,115	32,590,708	25%
Accumulated depreciation	(14,915,825)	(14,180,230)	5%
Total Capital Assets, net	\$ 26,201,990	\$ 18,763,178	40%

Figure A-11 – Outstanding Long-term Debt

<i>Cassadaga Valley Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2019	2018	Change
Bonds payable	\$ 3,979,892	\$ 4,757,329	-16%
Other post-employment benefits	26,517,842	32,548,658	-19%
Net pension liability - ERS	532,599	230,932	131%
Compensated absences	680,583	611,903	11%
Total Long-Term Debt	\$ 31,710,916	\$ 38,148,822	-17%

VIII. Factors Bearing on the District's Future

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

- Future proposed legislative changes in state aid to school districts could have a material effect on the District's financial statements.
- Changes in educational standards could materially affect programs provided the District, as well as the District's financial position.
- Declining student enrollment.

IX. Contacting the District's Financial Management

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

Cassadaga Valley Central School District
District Administrative Offices
Attention: Ms. Joelle Woodward, Business Administrator
P.O. Box 540
Sinclairville, New York 14782

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Schedule 1

Page 10

	<u>2019</u>	<u>2018</u>
Assets		
Cash		
Unrestricted	\$ 1,767,116	\$ 1,135,158
Restricted	3,508,360	3,881,408
Receivables		
State and federal aid	693,552	566,415
Due from other governments	649,519	649,324
Other receivables	5,879	1,168
Due from other fiduciary funds	-	33,953
Inventories	10,739	12,261
Net pension asset - NYS Teachers' Retirement System	823,227	346,311
Cash to be used for capital assets	2,174,425	1,385,111
Capital assets, net	<u>26,201,990</u>	<u>18,763,178</u>
Total assets	<u>35,834,807</u>	<u>26,774,287</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,928,090	5,477,822
Deferred outflows related to other post-employment benefits	2,623,542	3,453,637
Deferred outflows related to bond refunding	48,371	74,074
Total deferred outflows of resources	<u>7,600,003</u>	<u>9,005,533</u>
Total assets and deferred outflows of resources	<u>\$ 43,434,810</u>	<u>\$ 35,779,820</u>
Liabilities		
Current liabilities		
Accounts payable and retainage payable	\$ 394,874	\$ 1,591,051
Accrued liabilities	83,565	54,026
Accrued interest	324,000	99,000
Due to other governments	140	125
Due to other fiduciary funds	28,845	-
Due to retirement systems	949,533	848,388
Unearned revenue	4,124	5,020
Bond anticipation notes payable	15,507,000	5,073,050
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	760,000	735,000
Compensated absences	182,729	156,518
Portion due or payable after one year		
Bonds payable	3,219,892	4,022,329
Net pension liability - NYS Employees' Retirement System	532,599	230,932
Other post-employment benefits	26,517,842	32,548,658
Compensated absences	497,854	455,385
Total liabilities	<u>49,002,997</u>	<u>45,819,482</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,208,316	1,696,701
Deferred inflows related to other post-employment benefits	771,031	1,046,400
Total deferred inflows of resources	<u>1,979,347</u>	<u>2,743,101</u>
Total liabilities and deferred inflows of resources	<u>50,982,344</u>	<u>48,562,583</u>
Net Position		
Invested in capital assets, net of related debt	8,601,285	8,932,799
Restricted	3,508,360	3,881,408
Unrestricted (deficit)	<u>(19,657,179)</u>	<u>(25,596,970)</u>
Total net position	<u>(7,547,534)</u>	<u>(12,782,763)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 43,434,810</u>	<u>\$ 35,779,820</u>

See accompanying independent auditor's report and notes to financial statements.

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2019 Net (Expense) Revenue and Changes in Net Position	2018 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 3,028,913	\$ 122,338	\$ -	\$ -	\$ (3,151,251)	\$ (2,882,041)
Instruction	16,209,703	536,180	20,918	953,065	(15,771,900)	(17,626,501)
Pupil transportation	1,178,958	285,101	-	1,164,711	(299,348)	(508,885)
Debt service	407,832	-	-	868,647	460,815	653,854
Food service program	556,933	-	45,687	486,268	(24,978)	(30,130)
Depreciation	943,619	(943,619)	-	-	-	-
Total functions and programs	\$ 22,325,958	\$ -	\$ 66,605	\$ 3,472,691	(18,786,662)	(20,393,703)
General Revenues						
Real property taxes					5,182,735	5,059,022
Use of money and property					61,160	9,562
Sale of property and compensation for loss					19,164	30,634
Miscellaneous					179,850	172,586
State sources					13,280,113	13,186,408
Federal sources					98,869	63,999
Total general revenues					18,821,891	18,522,211
Change in net position					35,229	(1,871,492)
Net position - beginning of year					(12,782,763)	(11,218,322)
Prior period adjustments					5,200,000	307,051
Net position - end of year					\$ (7,547,534)	\$ (12,782,763)

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

Schedule 3

Page 12

	Governmental Funds					2019	2018
	General	Special Aid	Food Service	Debt Service	Capital Projects	Total	Total
Assets							
Unrestricted cash	\$ 1,704,484	\$ 61,545	\$ 1,087	\$ -	\$ -	\$ 1,767,116	\$ 1,133,736
Restricted cash	3,472,546	-	-	35,814	2,174,425	5,682,785	5,267,941
Due from other funds	456,546	-	-	-	-	456,546	1,228,314
State and federal aid receivable	261,212	392,771	39,569	-	-	693,552	566,415
Other receivables	4,554	-	-	-	-	4,554	1,168
Due from other governments	649,519	-	1,325	-	-	650,844	649,324
Inventories	-	-	10,739	-	-	10,739	12,261
Total assets	\$ 6,548,861	\$ 454,316	\$ 52,720	\$ 35,814	\$ 2,174,425	\$ 9,266,136	\$ 8,859,159
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 102,101	\$ 1,491	\$ 3,044	\$ -	\$ 288,238	\$ 394,874	\$ 1,591,051
Accrued liabilities	78,768	1,263	3,534	-	-	83,565	54,026
Bond anticipation notes payable	-	-	-	-	15,507,000	15,507,000	5,073,050
Due to other funds	53,846	391,442	40,103	-	-	485,391	1,194,361
Unearned revenue	-	325	3,799	-	-	4,124	5,020
Due to other governments	-	-	140	-	-	140	125
Due to Teachers' Retirement System	800,473	59,695	-	-	-	860,168	765,666
Due to Employees' Retirement System	82,470	100	6,795	-	-	89,365	82,722
Total liabilities	1,117,658	454,316	57,415	-	15,795,238	17,424,627	8,766,021
Fund Equity							
Nonspendable	-	-	10,739	-	-	10,739	12,261
Restricted	3,472,546	-	-	35,814	-	3,508,360	3,881,408
Assigned	1,005,018	-	-	-	-	1,005,018	948,268
Unassigned (deficit)	953,639	-	(15,434)	-	(13,620,813)	(12,682,608)	(4,748,799)
Total fund equity	5,431,203	-	(4,695)	35,814	(13,620,813)	(8,158,491)	93,138
Total liabilities and fund equity	\$ 6,548,861	\$ 454,316	\$ 52,720	\$ 35,814	\$ 2,174,425	\$ 9,266,136	\$ 8,859,159

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 4

Page 13

	Governmental Funds					2019	2018
	General	Special Aid	Food Service	Debt Service	Capital Projects	Total	Total
Revenue							
Real property taxes	\$ 5,182,735	\$ -	\$ -	\$ -	\$ -	\$ 5,182,735	\$ 5,059,022
Charges for services	20,918	-	-	-	-	20,918	24,026
Use of money and property	54,094	-	3	7,066	-	61,163	9,568
Sale of property compensation for loss	30,578	-	-	-	-	30,578	11,534
Miscellaneous	179,850	-	4,720	-	-	184,570	172,890
State sources	15,292,445	372,276	12,521	-	-	15,677,242	15,635,556
Federal sources	98,869	829,789	445,878	-	-	1,374,536	1,044,551
Surplus food	-	-	27,869	-	-	27,869	29,454
Sales (school food service)	-	-	40,964	-	-	40,964	123,580
Total revenue	20,859,489	1,202,065	531,955	7,066	-	22,600,575	22,110,181
Expenditures							
General support	2,526,930	-	231,017	-	-	2,757,947	2,396,056
Instruction	11,127,424	960,037	-	-	-	12,087,461	12,398,387
Pupil transportation	858,933	21,026	-	-	324,015	1,203,974	1,457,725
Employee benefits	5,244,536	227,974	111,538	-	-	5,584,048	4,682,163
Debt service							
Principal	1,122,049	-	-	-	-	1,122,049	1,024,367
Interest	199,566	-	-	-	-	199,566	161,549
Capital outlay	-	-	-	-	8,069,830	8,069,830	4,913,159
Cost of sales	-	-	205,871	-	-	205,871	161,069
Other expenses	-	-	8,507	-	-	8,507	28,581
Total expenditures	21,079,438	1,209,037	556,933	-	8,393,845	31,239,253	27,223,056
Excess (deficiency) of revenue over expenditures	(219,949)	(6,972)	(24,978)	7,066	(8,393,845)	(8,638,678)	(5,112,875)
Other sources and uses							
BANs redeemed from appropriations	-	-	-	-	387,049	387,049	319,367
Operating transfers in	20,402	27,374	48,771	-	100,000	196,547	192,972
Operating transfers out	(176,145)	(20,402)	-	-	-	(196,547)	(192,972)
Total other sources (uses)	(155,743)	6,972	48,771	-	487,049	387,049	319,367
Excess (deficiency) of revenue and other sources over expenditures and other uses	(375,692)	-	23,793	7,066	(7,906,796)	(8,251,629)	(4,793,508)
Fund equity (deficit), beginning of year	5,806,895	-	(28,488)	28,748	(5,714,017)	93,138	4,886,646
Fund equity (deficit), end of year	\$ 5,431,203	\$ -	\$ (4,695)	\$ 35,814	\$ (13,620,813)	\$ (8,158,491)	\$ 93,138

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2019	Total 6/30/2018
Assets				
Cash	\$ 36,920	\$ 246,785	\$ 283,705	\$ 292,651
Due from governmental funds	3,280	53,851	57,131	3,909
Total assets	\$ 40,200	\$ 300,636	\$ 340,836	\$ 296,560
Liabilities				
Accrued liabilities	\$ -	\$ 229,502	\$ 229,502	\$ 169,945
Due to governmental funds	-	28,286	28,286	37,862
Student extraclassroom activity funds	-	42,848	42,848	46,834
Total liabilities	-	300,636	300,636	254,641
Net position				
Reserved for scholarships	40,200	-	40,200	41,919
Total liabilities and net position	\$ 40,200	\$ 300,636	\$ 340,836	\$ 296,560

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 6

Page 15

	<u>6/30/2019</u>		<u>6/30/2018</u>
Additions			
Gifts and contributions	\$ 1,736	\$	5,649
Interest earnings	231		43
Total additions	<u>1,967</u>		<u>5,692</u>
Deductions			
Scholarships awarded	<u>3,686</u>		<u>4,549</u>
Total deductions	<u>3,686</u>		<u>4,549</u>
Change in net position	(1,719)		1,143
Net position - beginning of year	<u>41,919</u>		<u>40,776</u>
Net position - end of year	<u>\$ 40,200</u>	\$	<u>41,919</u>

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balances - governmental funds \$ (8,158,491)

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets	\$ 41,117,815	
Accumulated depreciation	<u>(14,915,825)</u>	26,201,990

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds, pension costs are based on required contributions		823,227
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Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(324,000)
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Deferred charges associated with the refunding of bonds is not reported as an asset in the governmental funds. Deferred charges are reported in the statement of net position as deferred outflow of resources and is being amortized over the repayment schedule of the new bonds.		48,371
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Deferred outflows/inflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions.		3,719,774
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Deferred outflows/inflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions.		1,852,511
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(3,979,892)	
Other post-employment benefits	(26,517,842)	
Net pension liability	(532,599)	
Compensated absences	<u>(680,583)</u>	<u>(31,710,916)</u>

Total net position - governmental activities \$ (7,547,534)

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 7,449,901	\$ -	\$ -	\$ (2,174,425)	\$ 5,275,476
Due from other funds	456,546	-	-	(456,546)	-
State and federal aid receivable	693,552	-	-	-	693,552
Other receivables	5,879	-	-	-	5,879
Due from other governments	649,519	-	-	-	649,519
Inventories	10,739	-	-	-	10,739
Net pension asset - NYS Teachers' Retirement System	-	823,227	-	-	823,227
Cash to be used for capital assets	-	-	-	2,174,425	2,174,425
Capital assets, net	-	26,201,990	-	-	26,201,990
Total assets	<u>9,266,136</u>	<u>27,025,217</u>	<u>-</u>	<u>(456,546)</u>	<u>35,834,807</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions, OPEB and bond refunding	-	7,600,003	-	-	7,600,003
Total assets and deferred outflows of resources	<u>\$ 9,266,136</u>	<u>\$ 34,625,220</u>	<u>\$ -</u>	<u>\$ (456,546)</u>	<u>\$ 43,434,810</u>
Liabilities, Deferred Inflows of Resources, and Fund Equity/ Net Position					
Liabilities					
Accounts payable	\$ 394,874	\$ -	\$ -	\$ -	\$ 394,874
Accrued liabilities	83,565	-	-	-	83,565
Accrued interest	-	-	324,000	-	324,000
Due to other funds	485,391	-	-	(456,546)	28,845
Unearned revenue	4,124	-	-	-	4,124
Due to other governments	140	-	-	-	140
Due to retirement systems	949,533	-	-	-	949,533
Bond anticipation notes payable	15,507,000	-	-	-	15,507,000
Bonds payable	-	-	3,979,892	-	3,979,892
Net pension liability - NYS Employers' Retirement System	-	-	532,599	-	532,599
Other post-employment benefits	-	-	26,517,842	-	26,517,842
Compensated absences	-	-	680,583	-	680,583
Total liabilities	<u>17,424,627</u>	<u>-</u>	<u>32,034,916</u>	<u>(456,546)</u>	<u>49,002,997</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	-	-	1,979,347	-	1,979,347
Total liabilities and deferred inflows of resources	<u>17,424,627</u>	<u>-</u>	<u>34,014,263</u>	<u>(456,546)</u>	<u>50,982,344</u>
Fund equity and net position					
Total liabilities, deferred inflows of resources and fund equity/net position	<u>(8,158,491)</u>	<u>34,625,220</u>	<u>(34,014,263)</u>	<u>-</u>	<u>(7,547,534)</u>
Total liabilities, deferred inflows of resources and fund equity/net position	<u>\$ 9,266,136</u>	<u>\$ 34,625,220</u>	<u>\$ -</u>	<u>\$ (456,546)</u>	<u>\$ 43,434,810</u>

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds \$ (8,251,629)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 8,393,845	
Depreciation expense	<u>(943,619)</u>	7,450,226

Disposal of fixed assets with remaining book value is reported as a loss in the statement of activities, whereas this transaction has no effect on revenue or expenditures reported in the governmental funds. (11,414)

Repayment of bond (including refunding) and bond anticipation notes redeemed from appropriations are recorded as an expenditure in the governmental funds, but the repayment reduces long-term and short-term liabilities in the statement of net position. Also, interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as interest accrues, regardless of when it is due. In addition, premiums on debt obligations are recorded as revenue in the governmental funds and amortized and applied against interest expense in the statement of activities. 913,783

Bond anticipation notes redeemed from appropriations is recorded as revenue and other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position. (387,049)

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in governmental funds, pension expense is based on the District's required contribution to pension plans. 113,902

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's required contribution to the OPEB plan. 276,090

In the statement of activities, certain operating expenses - compensated absences and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits and compensated absences changed by this amount. (68,680)

Change in net position of governmental activities \$ 35,229

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 5,182,735	\$ -	\$ -	\$ -	\$ 5,182,735
Charges for services	20,918	-	-	(20,918)	-
Use of money and property	61,163	-	-	(3)	61,160
Sale of property and compensation for loss	30,578	(11,414)	-	-	19,164
Miscellaneous	184,570	-	-	(4,720)	179,850
State sources	15,677,242	-	-	(2,397,129)	13,280,113
Federal sources	1,374,536	-	-	(1,275,667)	98,869
Surplus food	27,869	-	-	(27,869)	-
Sales (school food service)	40,964	-	-	(40,964)	-
Total revenue	<u>22,600,575</u>	<u>(11,414)</u>	<u>-</u>	<u>(3,767,270)</u>	<u>18,821,891</u>
Expenditures					
General support	2,757,947	122,338	-	270,966	3,151,251
Instruction	12,087,461	536,180	(207,410)	3,355,669	15,771,900
Pupil transportation	1,203,974	(38,914)	-	(865,712)	299,348
Employee benefits	5,584,048	-	(113,902)	(5,470,146)	-
Debt service	1,321,615	-	(913,783)	(868,647)	(460,815)
Capital outlay	8,069,830	(8,069,830)	-	-	-
Cost of sales	205,871	-	-	(180,893)	24,978
Other expenses	8,507	-	-	(8,507)	-
Total expenditures	<u>31,239,253</u>	<u>(7,450,226)</u>	<u>(1,235,095)</u>	<u>(3,767,270)</u>	<u>18,786,662</u>
Excess (deficiency) of revenue over expenditures	<u>(8,638,678)</u>	<u>7,438,812</u>	<u>1,235,095</u>	<u>-</u>	<u>35,229</u>
Other sources and uses					
BANs redeemed from appropriations	387,049	-	(387,049)	-	-
Operating transfers in	196,547	-	-	(196,547)	-
Operating transfers out	(196,547)	-	-	196,547	-
Total other sources (uses)	<u>387,049</u>	<u>-</u>	<u>(387,049)</u>	<u>-</u>	<u>-</u>
Net change for year	<u>\$ (8,251,629)</u>	<u>\$ 7,438,812</u>	<u>\$ 848,046</u>	<u>\$ -</u>	<u>\$ 35,229</u>

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Page 18

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the **Cassadaga Valley Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Cassadaga Valley Central School District** is one of 27 component school districts in the Chautauqua/Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed \$3,683,000 for BOCES administration, program and capital costs. The District's share of BOCES aid and refunds amounted to \$1,314,000 for the year ended June 30, 2019. Financial statements for the Erie 2 – Chautauqua/Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York.

C. Basis of Presentation

1. District-wide Statements

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

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Fiduciary Fund Types - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

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.

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

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

G. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	40-50 years
Land improvements	5,000	Straight-line	20-30 years
Furniture and equipment	5,000	Straight-line	5-20 years
Transportation vehicles	5,000	Straight-line	8 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Investments

Investments are stated at current market value.

I. Due To/From Other Funds

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

J. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the governmental wide Statement of Net Position which is amortized over the life of the related serial bond. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB plan subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents actual differences which are deferred and amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category and is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows and Inflows of Resources (continued)

System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the district-wide Statement of Net Position. This represents actuarial differences which are deferred and amortized.

K. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems.

L. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3V, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

(GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next succeeding fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Unemployment Reserve (continued)

claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

2. Reserve for Retirement

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

3. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These reserves are accounted for in the Debt Service Fund.

5. Capital Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

6. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the private purpose trust fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2019.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Administrator and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Appropriated Fund Equity

General Fund - The amount of \$900,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2020 as allowed by Section 1318 of the Real Property Tax Law.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

2. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund and Food Service Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. The District had reserve for encumbrances as of June 30, 2019 in the amount of \$105,018.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide financial statements

A. Net Investment in Capital Assets

This designation of net position is used to accumulate the capital asset balance in the statement of net assets less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for the General Fund and the School Food Service Fund. Subsequently the Board of Education approves the budget for General Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**O. Budgetary Procedures and Budgetary Accounting
(continued)**

1. Budget Policies (continued)

d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board of Education approves them because of a need which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations made during the year ended June 30, 2019.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue (other than School Food Service Fund) and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, Expenditures and changes in fund equity - budget and actual.

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

P. Property Taxes (continued)

2. Enforcement

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

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

R. Deferred Compensation Plan

Cassadaga Valley Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

T. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentations.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

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

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

1. Long-term Revenue Differences

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

2. Long-term Asset Transaction Differences

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

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

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

3. Long-term Liability Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences

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

5. OPEB Differences

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

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

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

Collateral is required for demand and time deposits and certificates of 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. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies and as of June 30, 2019, the District's bank deposits were fully collateralized.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2019 per the bank were approximately \$8,214,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Value</u>
\$ 250,000	\$ 7,964,000	\$ 8,214,000

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Interfund Transactions

Interfund balances as of June 30, 2019 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 456,546	\$ 53,846
Food Service Fund	-	40,103
Special Aid Fund	-	391,442
Private Purpose Trust	3,280	-
Agency Fund	53,851	28,286
Total	\$ 513,677	\$ 513,677

The District had interfund transfers during the year ended June 30, 2019 as follows.

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 20,402	\$ 176,145
Food Service Fund	48,771	-
Special Revenue Fund	27,374	20,402
Debt Service	-	-
Capital Projects Fund	100,000	-
Total	\$ 196,547	\$ 196,547

The interfund transfer from the general fund to the capital project fund was related to financing the capital outlay project in the amount of \$100,000. The interfund transfer from the general fund to the special revenue fund of \$27,374 was related to the local share of summer school handicap program for the current year. The interfund transfer from the general fund to the food service fund of \$48,771 was related to subsidizing operations. The interfund transfer from the special revenue fund to the general fund of \$20,402 was related to reimbursing the general fund for prior years local share of summer school handicap program expense.

III. Receivables

Receivables at June 30, 2019 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
School Food Service	State and Federal Aid	\$ 39,569
School Food Service	Other Receivables	1,325
Special Aid	State and Federal Aid	392,771
General	State and Federal Aid	261,212
General	Other Receivables	4,554
General	Due from Other Governments	649,519
		\$ 1,348,950

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets

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

	Beginning Balance 06/30/18	Net Change	Ending Balance 06/30/19
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 352,700	\$ -	\$ 352,700
Construction-in-Progress	5,901,038	8,069,830	13,970,868
Capital assets that are depreciated:			
Buildings and improvements	23,142,814	-	23,142,814
Furniture and equipment	3,546,856	104,577	3,651,433
Total historical cost	32,943,408	\$ 8,174,407	41,117,815
Less accumulated depreciation:			
Buildings and improvements	12,120,067	658,134	12,778,201
Furniture and equipment	2,060,163	77,461	2,137,624
Total accumulated depreciation	14,180,230	\$ 735,595	14,915,825
Total net book value	<u>\$18,763,178</u>		<u>\$ 26,201,990</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 122,338
Instruction	536,180
Pupil transportation	285,101
	<u>\$ 943,619</u>

During the current year, the District had capital additions in the amount of \$8,393,845.

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The system provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The system is governed by a 10 member Board of Trustees. System benefits are

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (Continued)

a. Teachers' Retirement System (TRS) (Continued)

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

b. Employees' Retirement System (ERS)

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

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, the contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

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

Year	TRS	ERS
2019	\$ 835,000	\$ 358,000
2018	727,000	330,000
2017	846,000	342,000

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

At June 30, 2019, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Measurement date	ERS 3/31/19	TRS 6/30/18
Net pension asset (liability)	\$ (532,599)	\$ 823,227
District's portion of the Plan's total net pension asset (liability)	.0075169%	.045526%

For the year ended June 30, 2019, the District's recognized pension expense of \$410,092 for ERS and \$664,172 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 104,880	\$ 615,191	\$ 35,752	\$ 111,435
Changes of assumptions	133,874	2,877,719	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	136,695	913,845
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	152,643	119,700	10,589	-
District's contributions subsequent to the measurement date	89,365	834,718	-	-
Total	\$ 480,762	\$ 4,447,328	\$ 183,036	\$ 1,025,280

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

Year ending:	ERS	TRS
2020	\$ 168,583	\$ 850,417
2021	(68,262)	585,496
2022	19,642	84,351
2023	88,398	583,557
2024	-	393,033
Thereafter	-	90,476

5. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/19	6/30/18
Actuarial valuation date	4/1/18	6/30/17
Interest rate	7%	7.25%
Salary scale	4.2% average 4/1/10 – 3/31/15	1.90% - 4.72% 7/1/09 – 6/30/14
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	2.25%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Actuarial Assumptions (continued)

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

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

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

Measurement date	ERS 3/31/19	Expected Rate of Return	TRS 6/30/18	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	33%	5.8%
International Equity	14%	6.35%	16%	7.3%
Global Equity	-%	-%	4%	6.7%
Private Equity	10%	7.50%	8%	8.9%
Real Estate	10%	5.55%	11%	4.9%
Absolute return strategies	2%	3.75%	-%	-%
Opportunistic portfolio	3%	5.68%	-%	-%
Real assets	3%	5.29%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.9%
Real estate debt	-%	-%	7%	2.8%
Private debt	-%	-%	1%	6.8%
Short-term	-%	-%	1%	0.3%
High-yield fixed income	-%	-%	1%	3.5%
Bonds and Mortgages	17%	1.31%	-%	-%
Cash	1%	(.25%)	-%	-%
Inflation-indexed bonds	4%	1.25%	-%	-%
Total:	<u>100%</u>		<u>100%</u>	

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

6. Discount Rate

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

7. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

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

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (2,328,606)	\$ (532,599)	\$ 976,175

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

7. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption (continued)

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (5,655,705)	\$ 823,227	\$ 6,250,772

8. Pension Plan Fiduciary Net Position

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

	ERS 3/31/19	TRS 6/30/18
Employers' total pension liability	\$ 189,803,429	\$ 118,107,253
Plan Net Position	\$ 182,718,124	\$ 119,915,517
Employers' net pension asset (liability)	\$ (7,085,305)	\$ 1,808,264
Ratio of plan net position to be Employers' total pension asset (liability)	96.27%	101.53%

9. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$89,365.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$860,168 (\$834,718 employer contribution and \$25,450 employee contribution).

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and vision insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2019 the plan had total active employees of 186 and retirees and retirees spouses of 150.

Total OPEB Liability

The District's total OPEB liability of \$26,517,842 was measured as of March 31, 2019 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability for the March 31, 2019 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2% per year
Salary increases	3.36% per year
	3.44% as of March 31, 2019
	and 3.61% as of March 31, 2018
Discount rate	2019 – 5.2% reduced to an ultimate rate of 4.32% after 2070.
Healthcare cost trend rates	
Retirees' share of benefit-related costs	Varies based on employment contracts

The discount rate was based on a yield for 20 year Fidelity Municipal Go AA bonds.

Mortality rates were based on the 2010 Public Retirement Plans mortality base rates for service and deferred annuitants and beneficiaries and fully generational using Mortality Improvement Scale MP-2018 for retirees and surviving spouses.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

The actuarial assumptions used in the March 31, 2019 calculation represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service cost	\$ 175,296
Interest	1,138,149
Changes of benefit terms	272,979
Differences between expected actual experience	(2,380,431)
Changes in assumptions	1,159,481
Benefit payments	(1,196,290)
Net changes	(830,816)
Net OPEB liability – beginning of year	32,548,658
Prior period adjustment (see note 7)	(5,200,000)
Net OPEB liability – end of year	<u>\$ 26,517,842</u>

Changes in assumptions reflect a change in the discount rate from 3.61% in 2018 to 3.44% in 2019. Also, salary scale changes from 3.31% to 3.36% and health care trend rate changes from 4.23%-6.2% to 4.32%-5.2%.

Sensitivity to the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Current Assumption (3.44%)	1% Increase (4.44%)
Total OPEB liability	<u>\$ 29,859,885</u>	<u>\$ 26,517,842</u>	<u>\$ 23,749,326</u>

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates:

1% Decrease (4.20%-3.32%)	Current Assumption (5.20%-4.32%)	1% Increase (6.20%-5.32%)

Total OPEB liability	\$ 23,128,022	\$ 26,517,842	\$ 30,784,331
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense in the amount of \$920,273. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,324,469	\$ --
Benefits paid subsequent to measurement date	299,073	--
Changes in assumptions	--	771,031
Total	\$ 2,623,542	\$ 771,031

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Year ending:		
2020	\$	554,799
2021		554,799
2022		443,840
2023		-
Thereafter		-

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On July 17, 2017, the District issued a bond anticipation note in the amount of \$4,000,000 related to a new capital project. This note carried an interest rate of 2.25% and matured on July 17, 2018.

On June 14, 2018, the District issued a bond anticipation note in the amount of \$1,073,050 related to transportation vehicles. This note carried an interest rate of 2.75% and matured on June 14, 2019.

On July 16, 2018, the District issued a bond anticipation note in the amount of \$14,539,000 related to a new capital project. This note carries an interest rate of 2.75% and matures on July 16, 2019.

On June 13, 2019, the District issued a bond anticipation note in the amount of \$968,000 related to transportation vehicles. This note carries an interest rate of 2.5% and matures on June 12, 2020.

During the current year, the District redeemed from appropriations \$387,049.

b. Short-Term Debt Interest

The District had \$81,032 of interest on short-term debt for the year ended June 30, 2019.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt

a. Debt Limit

At June 30, 2019, the total indebtedness represents approximately 67% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Changes

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

	Balance June 30, 2019	Balance June 30, 2018	Amounts Due Within One Year
Serial Bonds	\$ 3,979,892	\$ 4,757,329	\$ 760,000
Other Post-employment Benefits	26,517,842	32,548,658	-
Net Pension Liability	532,599	230,932	-
Compensated Absences	680,583	611,903	182,729
	\$ 31,710,916	\$ 38,148,822	\$ 942,729

The District made principal payments on serial bonds in the amount of \$735,000. The amortization in the amount of \$42,437 was recorded on bond premiums acquired in previous years. The net pension liability to the New York State Employees' Retirement System increased \$301,667 during the current year. The net change in compensated absences was an increase of \$68,680, whereas the change in other post-employment benefit liability from the prior year was a decrease of \$6,030,816 due to changes of benefit terms in the current year.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2019.

Description of Issue	Outstanding June 30, 2019
<u>Serial Bonds:</u>	
Building reconstruction bonds, issued August 1, 2014 with maturity date of August 1, 2029; bonds carry interest at 2.00%-3.50%.	\$ 670,000
Refunded bonds, issued June 22, 2016 with maturity date of June 15, 2024; bonds carry interest yield at .75% - 1.55%.	3,230,000
Plus: unamortized premium	79,892
	<u>\$ 3,979,892</u>

2. The following is a summary of maturing debt service requirements for serial bonds.

Year	Serial Bonds – 2016	
	Principal	Interest
2020	\$ 705,000	\$ 71,450
2021	725,000	50,500
2022	735,000	36,000
2023	745,000	21,300
2024	320,000	6,400
Total	<u>\$ 3,230,000</u>	<u>\$ 185,650</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Serial Bonds – 2014	
	Principal	Interest
2020	\$ 55,000	\$ 18,716
2021	55,000	17,478
2022	60,000	16,075
2023	60,000	14,575
2024	65,000	12,931
2025-2029	340,000	34,306
2030	35,000	613
Total	<u>\$ 670,000</u>	<u>\$ 114,694</u>

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$118,534 for the year ended June 30, 2019.

3. Refunding of Long-Term Debt

In prior years, the District defeased other general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

4. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components as follows:

Category / Fund	Description	Balance June 30, 2019
Nonspendable:		
Food Service	Inventory	\$ 10,739
Restricted:		
General	Employee benefits accrued liability reserve	\$ 1,343,127
	Unemployment reserve	180,892
	Capital reserve	956,906
	Reserve for retirement system credits	<u>991,621</u>
		<u>\$ 3,472,546</u>
Trust and Agency	Endowment scholarships reserve	<u>\$ 40,200</u>
Debt Service	Debt service reserve	<u>\$ 35,814</u>
Assigned:		
General	Appropriated fund balance	\$ 900,000
	Reserve for encumbrances	<u>105,018</u>
		<u>\$ 1,005,018</u>

B. Assigned – Appropriated Fund Balance

General Fund - The amount of \$900,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2020 as allowed by Section 1318 of the Real Property Tax Law.

C. District-wide Net Position

Net position of the District include restricted net assets of \$ 3,508,360 which represent restricted amounts in the general and debt service funds as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

D. Deficit Fund Balances

The District's capital project fund had an accumulated deficit in the amount of \$13,620,813 as of June 30, 2019. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

As of June 30, 2019, the District had an accumulated deficit in the amount of \$4,695 in the food service fund resulting from losses from operations in prior years. Management is currently reviewing options to alleviate this deficit.

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, *Cassadaga Valley Central School District* is a participant in the Chautauqua County School District Medical Plan, a public entity risk pool operated for the benefit of 18 individual governmental units located within Chautauqua County. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$150,000 per insured event. The Medical Plan obtains independent coverage for insured events in excess of this amount, and the District has essentially transferred all related risk to the pool.

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance (continued)

The *Cassadaga Valley Central School District* also participates in Erie #2 Area Schools Self-Funded Workers' Compensation Plan a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie #2 Area Self-Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for insured events in excess of the \$250,000 limit and the District has essentially transferred all related risk to the Plan.

The Plan has a liability for unbilled and open claims, for which the District has not made a provision for its share of the liability. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

NOTE 4 - COMPENSATED ABSENCES

The District does not accrue a liability for accumulating, nonvesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value of accumulating, nonvesting sick leave is considered a contingent liability. The District reports approximately \$662,000 as of June 30, 2019 for accumulating non-vested sick leave.

NOTE 5 - DONOR RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of scholarships. Donor restricted endowments are invested in interest bearing accounts and the amount of interest earned on donor-restricted endowments that is available for authorization for expenditure is paid out annually in the form of a scholarship. The District authorizes scholarship expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 6 – TAX ABATEMENTS

The District does not have any tax abatement programs that are required to be disclosed under GASB 77.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

For the fiscal year ended June 30, 2019, the District recorded a prior period adjustment in the amount of \$5,200,000 as a result of a plan provision being incorrectly represented in the previous actuarial report. Certain employees who received District provided health insurance for a period of five years were incorrectly categorized in the prior report to receive health insurance over their lifetime. The prior period adjustment recorded in 2019 adjusted the OPEB liability to the amount that should have been recorded at June 30, 2018.

For the fiscal year ended June 30, 2018, the District recorded a prior period adjustment in the amount of \$307,051 as a result of the change in accounting principle that occurred in the year ended June 30, 2017. The prior period adjustment made in 2018 adjusted the deferred outflows related to the OPEB liability to the amount that should have been recorded at June 30, 2017.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 15, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 5,182,992	\$ 5,182,992	\$ 5,182,735	\$ (257)
Charges for services	13,500	13,500	20,918	7,418
Use of money and property	13,200	13,200	54,094	40,894
Sale of property and compensation for loss	-	-	30,578	30,578
Miscellaneous	105,000	105,000	179,850	74,850
State Sources:				
Basic formula	14,389,200	14,389,200	14,033,308	(355,892)
BOCES	1,127,699	1,127,699	1,176,573	48,874
Textbooks	49,513	49,513	49,338	(175)
All other aid	33,265	33,265	33,226	(39)
Federal Sources:				
Medicaid reimbursement	50,000	50,000	98,869	48,869
Total revenue	20,964,369	20,964,369	20,859,489	(104,880)
Other Sources:				
Operating transfer in	-	-	20,402	20,402
Total revenue and other sources	20,964,369	20,964,369	<u>\$ 20,879,891</u>	<u>\$ (84,478)</u>
Appropriated fund equity and carry over encumbrances	1,309,522	1,357,790		
Total revenue, other sources and appropriated fund equity	<u>\$ 22,273,891</u>	<u>\$ 22,322,159</u>		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 5,875	\$ 6,286	\$ 2,985	\$ -	\$ 3,301
Central administration	206,741	207,259	203,938	-	3,321
Finance	294,535	359,771	340,349	13,700	5,722
Staff	82,904	77,480	66,962	-	10,518
Central services	1,275,750	1,482,036	1,314,345	68,255	99,436
Special items	460,730	598,460	598,351	-	109
Instructional:					
Instruction, administration and improvement	685,794	670,611	649,806	8	20,797
Teaching - regular school	5,795,513	5,500,417	5,362,678	347	137,392
Programs for children with handicapping conditions	3,698,344	3,281,348	3,249,240	794	31,314
Teaching - special schools	92,258	103,302	97,341	1,409	4,552
Occupational education	396,437	373,197	369,332	-	3,865
Instructional media	447,473	504,922	487,357	-	17,565
Pupil services	1,106,535	957,619	911,670	30	45,919
Pupil Transportation	1,052,025	1,064,748	858,933	20,475	185,340
Employee Benefits	5,182,661	5,622,909	5,244,536	-	378,373
Debt Service:					
Debt service principal	1,122,049	1,122,049	1,122,049	-	-
Debt service interest	240,918	213,599	199,566	-	14,033
Total expenditures	<u>22,146,542</u>	<u>22,146,013</u>	<u>21,079,438</u>	<u>105,018</u>	<u>961,557</u>
Other Uses:					
Transfer to other funds	127,349	176,146	176,145	-	1
Total other uses	<u>127,349</u>	<u>176,146</u>	<u>176,145</u>	<u>-</u>	<u>1</u>
Total expenditures and other uses	<u>\$ 22,273,891</u>	<u>\$ 22,322,159</u>	<u>21,255,583</u>	<u>\$ 105,018</u>	<u>\$ 961,558</u>
Excess (deficit) of revenue and other sources over expenditures and other uses			<u>\$ (375,692)</u>		

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS1A

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	School Food Service Fund		
	Budget (Adopted)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 15,820	\$ 12,521	\$ (3,299)
Federal sources	307,183	445,878	138,695
Sales	225,170	40,964	(184,206)
Miscellaneous	-	4,720	4,720
Surplus food	-	27,869	27,869
Use of money and property	100	3	(97)
Total revenue	<u>548,273</u>	<u>531,955</u>	<u>(16,318)</u>
Expenditures			
General support	217,000	231,017	(14,017)
Employee benefits	124,623	111,538	13,085
Cost of sales	186,048	205,871	(19,823)
Other expenses	28,625	8,507	20,118
Total expenditures	<u>556,296</u>	<u>556,933</u>	<u>(637)</u>
Excess (deficit) of revenue over expenditures	(8,023)	(24,978)	(15,681)
Other sources (uses)			
Interfund transfer from general fund	-	48,771	48,771
Excess (deficit) of revenue and other sources over expenditures and other uses**	<u>\$ (8,023)</u>	23,793	<u>\$ 33,090</u>
Fund equity (deficit), beginning of year		<u>(28,488)</u>	
Fund equity (deficit), end of year		<u>\$ (4,695)</u>	

** Deficit of the Budget (Adopted) represents carryover encumbrances

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 22,273,891
Additions:	
Prior year's encumbrances	48,268
Original budget	22,322,159
Budget revisions:	
Supplemental appropriation	-
Final budget	<u>\$ 22,322,159</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 voter-approved expenditure budget	\$ 24,047,251
Maximum allowed (4% of 2019-20 budget)	\$ 961,890
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	1,005,018
Unassigned fund balance	953,639
Total unrestricted fund balance	<u>1,958,657</u>
Less:	
Appropriated fund balance	900,000
Encumbrances included in committed and assigned fund balance	105,018
Total adjustments	<u>1,005,018</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u>\$ 953,639</u>
Actual percentage	<u>3.97%</u>

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing					Fund Balance June 30, 2019	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Transfers	Total		
Construction project - 2015	\$ 16,000,000	\$ 16,000,000	\$ 5,900,937	\$ 8,069,830	\$ 13,970,767	\$ 2,029,233	\$ 14,600,000	\$ -	\$ 800,140	\$ -	\$ 15,400,140	\$ 1,429,373	
Capital outlay project - 2018-19	100,000	100,000	-	-	-	100,000	-	-	100,000	-	100,000	100,000	
Transportation purchases - prior years	3,007,590	3,007,590	2,825,445	-	2,825,445	182,145	2,758,334	-	129,191	(62,080)	2,825,445	-	
Transportation purchases - 2019	397,750	397,750	-	324,015	324,015	73,735	397,750	-	-	(73,735)	324,015	-	
Transportation purchases - 2020	356,608	356,608	-	-	-	356,608	220,999	-	-	135,815	356,814	356,814	
	<u>\$ 19,861,948</u>	<u>\$ 19,861,948</u>	<u>\$ 8,726,382</u>	<u>\$ 8,393,845</u>	<u>\$ 17,120,227</u>	<u>\$ 2,741,721</u>	<u>\$ 17,977,083</u>	<u>\$ -</u>	<u>\$ 1,029,331</u>	<u>\$ -</u>	<u>\$ 19,006,414</u>	<u>1,886,187</u>	
												Less: Proceeds recorded as a bond anticipation note liability	<u>(15,507,000)</u>
												Fund balance (deficit) as of June 30, 2019	<u>\$ (13,620,813)</u>

See accompanying independent auditor's report.

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	18-19	\$ 148,250	\$ 148,250	\$ 148,250
Cornell University grant	N/A	18-19	2,500	2,175	2,175
CCHN mini grant	N/A	18-19	2,000	2,000	2,000
Universal Pre-kindergarten	0409-19-7089	18-19	247,225	247,225	247,225
School breakfast programs	N/A	18-19	N/A	5,915	5,915
School lunch programs	N/A	18-19	N/A	6,606	6,606
			<u>\$ 399,975</u>	<u>\$ 412,171</u>	<u>\$ 412,171</u>

* Revenue includes interfund transfer of \$27,374 from the general fund which represents local share of expenditures

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4B

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Cassadaga Valley Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program 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.

Note 2 - Non-monetary Federal Program

The accompanying **Cassadaga Valley Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2019, the District reported in the Schedule of Federal Awards \$27,869 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS					
Department of Education:					
Title I, Part A	84.010A	0021-19-0325	\$ 441,221	\$ 427,916	\$ 427,916
Title I, School Improvement	84.010A	0011-18-2028	100,000	46,676	46,676
Title IIA	84.367A	0147-19-0325	69,092	66,417	66,417
Title IV - SSAE	84.424A	0204-19-0325	23,785	17,915	17,915
Title V, Rural and Low Income Schools	84.298A	0006-19-0325	15,090	14,822	14,822
IDEA, Part B Section 611**	84.027A	0032-19-0098	246,958	246,958	246,958
IDEA, Part B Section 619 **	84.173A	0033-19-0098	9,085	9,085	9,085
Total U.S. Department of Education			905,231	829,789	829,789
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Lunch Program ***	10.555	N/A	N/A	316,908	316,908
National School Breakfast Program ***	10.553	N/A	N/A	128,970	128,970
Passed through NYS Office of					
General Services					
Noncash assistance (Donated Commodities) ***	10.555	N/A	N/A	27,869	27,869
Total U.S. Department of Agriculture				473,747	473,747
Total expenditures and revenue				\$ 1,303,536	\$ 1,303,536

** Special Education Cluster which had total revenue and expenditures of \$ 256,043

*** Child Nutrition Cluster which had total revenue and expenditures in the amount of \$ 473,747

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2019

Schedule SS5

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Capital Assets	\$	26,201,990
Less:		
Serial bonds		(3,979,892)
Bond anticipation notes		(15,507,000)
Plus:		
BAN proceeds less capital expenditures		<u>1,886,187</u>
Net Investment in Capital Assets	\$	<u><u>8,601,285</u></u>

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2019

Schedule SS6

Page 44

As of the measurement date of March 31,	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 175,296	\$ 163,684	\$ 158,566
Interest	1,138,149	1,151,147	912,134
Changes of benefit terms	272,979	400,964	-
Differences between expected and actual experience	(2,380,431)	121,970	4,814,973
Changes in assumptions	1,159,481	581,238	(1,597,138)
Benefit payments	(1,196,290)	(1,228,204)	(1,087,277)
Net change in total OPEB liability	(830,816)	1,190,799	3,201,258
Total OPEB liability - beginning	32,548,658	31,357,859	1,538,914
Prior period adjustment	(5,200,000)	-	26,617,687
Total OPEB liability - ending	<u>\$ 26,517,842</u>	<u>\$ 32,548,658</u>	<u>\$ 31,357,859</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,196,290	\$ 1,228,204	\$ 1,087,277
Net investment income	-	-	-
Benefit payments	(1,196,290)	(1,228,204)	(1,087,277)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 26,517,842</u>	<u>\$ 32,548,658</u>	<u>\$ 31,357,859</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	100.00%
Covered-employee payroll	\$ 8,476,342	\$ 8,204,764	\$ 8,194,764
District's net OPEB liability as a percentage of covered-employee payroll	312.85%	396.70%	382.66%

Notes to Schedule:

Benefit Changes: During the year, the District's contribution rate towards Health Insurance, Major Medical and Prescription drug premiums for the Faculty Association Local 2543 decreased from 88% to 87% for the following groups:
 Employees hired before July 1, 1990 and retiring on or after June 30, 2008
 Employees hired between July 1, 1990 - July 1, 1996 and retiring after June 30, 2015
 Employees hired prior to July 1, 1990 and in Cassadaga Valley School-Related Professionals Association group once the retiree becomes Medicare eligible, the District pays 100% of Medicare Advantage plan until 72. Previously the District contributed \$4,500 for full-time and \$2,250 for part-time employees until age 72 for any plan in retirement.

Changes in assumptions: Discount rate changes - 3.61% effective March 31, 2018 and 3.44% effective March 31, 2019
 Salary scale changes - 3.31% effective March 31, 2018 and 3.36% effective March 31, 2019
 Health care trend rates from 5.2% in 2019 reduced to an ultimate rate of 4.32% after 2070

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
 FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2019**

Schedule SS7

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For the year ended June 30,	2019	2018	2017
Actuarially determined contributions	\$ 1,196,290	\$ 1,228,204	\$ 1,087,277
Contributions in relation to the actuarially determined contribution	(1,196,290)	(1,228,204)	(1,087,277)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,476,342	\$ 8,204,764	\$ 8,194,764
Contributions as a percentage of District's covered-employee payroll	14.11%	14.97%	13.27%

Notes to Schedule

Valuation date: June 30, 2018, with a measurement date of March 31, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.44% as of March 31, 2019 and 3.61% as of March 31, 2018
Inflation	2.2% per year
Healthcare cost trend rates	2019 - 5.2%. Rates expected to decrease each year thereafter with an ultimate rate of 4.32% after 2070.
Salary increases	3.36% per year
Mortality	Pub-2010 Public Retirement Plans fully generational using Scale MP-2018
Retiree Cost Sharing	Varies depending on employment contracts
Participants	186 Active and 150 Retirees

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2019

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 834,718	\$ 726,734	\$ 846,180	\$ 978,743	\$ 1,263,363	\$ 1,152,620	\$ 888,848
Contributions in relation to the contractually required contribution	(834,718)	(726,734)	(846,180)	(978,743)	(1,263,363)	(1,152,620)	(888,848)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,859,868	\$ 7,415,653	\$ 7,219,966	\$ 7,381,169	\$ 7,206,863	\$ 7,093,046	\$ 7,507,120
Contributions as a percentage of District's covered-employee payroll	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 357,788	\$ 330,401	\$ 341,610	\$ 422,690	\$ 361,751	\$ 459,811	\$ 455,492
Contributions in relation to the contractually required contribution	(357,788)	(330,401)	(341,610)	(422,690)	(361,751)	(459,811)	(455,492)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,475,600	\$ 2,209,783	\$ 2,157,642	\$ 2,140,783	\$ 2,009,698	\$ 2,253,385	\$ 2,411,618
Contributions as a percentage of District's covered-employee payroll	14.45%	14.95%	15.83%	19.74%	18.00%	20.41%	18.89%

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT **Schedule SS9**
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY – NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2019 **Page 47**

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.045526%	0.045561%	0.046501%	0.047977%	0.048018%	5.124600%
District's proportionate share of the net pension asset (liability)	n/a	\$ 823,227	\$ 346,311	\$ (498,041)	\$ 4,963,326	\$ 5,348,937	\$ 337,235
District's covered-employee payroll	n/a	\$ 7,859,868	\$ 7,219,966	\$ 7,381,169	\$ 7,206,863	\$ 7,093,046	\$ 7,507,120
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	10.47%	4.80%	6.75%	68.87%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension (Liability)

As of the measurement date of March 31,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0075169%	0.0071553%	0.0068535%	0.0075040%	0.0070931%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (532,599)	\$ (230,932)	\$ (643,972)	\$ (1,204,412)	\$ (239,624)	\$ (231,341)	n/a
District's covered-employee payroll	\$ 2,475,600	\$ 2,209,783	\$ 2,157,642	\$ 2,140,783	\$ 2,009,698	\$ 2,253,385	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	-21.51%	-10.45%	-29.85%	-56.26%	-11.92%	-10.27%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

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

**To the President and
Members of the Board of Education
Cassadaga Valley Central School District
Sinclairville, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Cassadaga Valley Central School District* as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise *Cassadaga Valley Central School District's* basic financial statements and have issued our report thereon dated October 15, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A.2019-001.

Compliance and Other Matters

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

Cassadaga Valley Central School District's Response to Findings

Cassadaga Valley Central School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. *Cassadaga Valley Central School District's* response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 15, 2019**



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

**To the President and
Members of the Board of Education
Cassadaga Valley Central School District**
Sinclairville, New York

Report on Compliance for Each Major Federal Program

We have audited **Cassadaga Valley Central School District's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Cassadaga Valley Central School District's** major federal programs for the year ended June 30, 2019. **Cassadaga Valley Central School District's** major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of **Cassadaga Valley Central School District** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Cassadaga Valley Central School District's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures

that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the 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 award program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 15, 2019**

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

Type of auditor's opinion 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)

 yes x no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,303,536</u>

Identification of Major Programs Tested:

U.S. Department of Education - Title I, Part A	84.010A	\$ 427,916
U.S. Department of Education - Title I, School Improvement	84.010A	<u>46,676</u>
Total major programs tested		<u>\$ 474,592</u>
% of Federal programs tested		<u>36%</u>

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

Auditee qualified as low risk? x yes no

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2019

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

Year ended June 30, 2019

No findings related to compliance and other matters are being reported upon during the year ended June 30, 2019

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2019

No findings related to compliance are being reported upon during the year ended June 30, 2019.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2019

No findings related to internal control over compliance are being reported upon during the year June 30, 2019.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2018-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2018

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2019 as item II.A.2019-001.

B. COMPLIANCE AND OTHER MATTERS

2018-002 Unassigned Fund Balance

Year Ended June 30, 2018

Summary of Prior Year Finding: *Cassadaga Valley Central School District's* unassigned fund balance as of June 30, 2018 amounted to approximately \$1,006,000. This amount constitutes approximately 4.5% of the 2018-2019 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: There was no finding related to compliance and other matters being reported upon during the year ended June 30, 2019, as the District was below the 4% threshold.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year Ended June 30, 2018

There were no findings related to compliance during the year ended June 30, 2018.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2018

There were no findings related to internal control over compliance during the year ended June 30, 2018.



**To the President and Members of the
Board of Education
and School Administration
Cassadaga Valley Central School District
Sinclairville, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2019 of the District's financial statements and have issued our reports thereon dated October 15, 2019. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Cassadaga Valley Central School District* for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2015 through June 30, 2019. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Cassadaga Valley Central School District's* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes of the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Administrator. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff that have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 15, 2019**

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Revenue and other sources					
Property taxes	\$ 5,183	\$ 5,059	\$ 5,058	\$ 5,056	\$ 5,026
State aid	15,292	15,300	14,886	14,364	14,257
Federal aid	99	64	51	68	53
All other	306	227	242	527	168
	<u>20,880</u>	<u>20,650</u>	<u>20,237</u>	<u>20,015</u>	<u>19,504</u>
Expenditures and other uses					
General support	2,527	2,190	1,758	1,958	1,930
Instruction	11,127	11,480	10,698	10,406	9,994
Transportation	859	1,101	1,048	955	992
Benefits	5,245	4,465	4,252	4,419	4,503
Debt	1,322	1,186	1,165	1,128	1,698
Transfers	176	177	105	900	-
	<u>21,256</u>	<u>20,599</u>	<u>19,026</u>	<u>19,766</u>	<u>19,117</u>
Excess (deficiency) of revenue over expenditures	(376)	51	1,211	249	387
Fund equity					
Beginning of year	5,807	5,756	4,545	4,296	3,909
End of year	<u>\$ 5,431</u>	<u>\$ 5,807</u>	<u>\$ 5,756</u>	<u>\$ 4,545</u>	<u>\$ 4,296</u>
Analysis of fund equity					
Restricted					
Reserve for employee benefits	\$ 1,343	\$ 1,421	\$ 1,419	\$ 934	\$ 709
Reserve for retirement contributions	992	1,298	1,356	1,107	1,106
Reserve for unemployment insurance	181	183	182	186	193
Reserve for capital	957	951	950	-	800
Assigned					
Reserve for encumbrances	105	48	-	-	57
Next year's budget	900	900	51	154	154
Unassigned	953	1,006	1,798	2,164	1,277
	<u>\$ 5,431</u>	<u>\$ 5,807</u>	<u>\$ 5,756</u>	<u>\$ 4,545</u>	<u>\$ 4,296</u>

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Page 3

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2020. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

District's response: The District will familiarize and determine its impact on the District's financial statements going forward.

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2021. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases) and additional financial statement disclosures. We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District's response: The District will familiarize and determine its impact on the District's financial statements going forward.

School Funding Transparency Reporting

In 2018, New York State passed a law requiring New York Schools to annually report a detailed statement of total funding allocation for each school in the District. A School Funding Transparency Form was created by New York State to capture this information which is required to be submitted annually by school districts. Beginning in 2020, the District will be required to submit this form annually to the Division of Budget and State Education Department. Because this is a new reporting model, we recommend that the District continue to review any new guidance issued by New York State and Seek opportunities to attend future educational seminars if they arise.

District's response: The District is cognizant of the phase-in schedule for the newly implemented requirement to submit an annual report outlining the total budgeted funding allocation for each school building within a district. According to the phase-in schedule Cassadaga Valley Central School District will begin reporting this information in 2020. The District administration will continue to develop a funding allocation structure that will ensure compliance with the new reporting requirements.

Agency Fund Reconciliation

Currently, the District offers health reimbursement accounts and flex plan accounts to its employees and retirees. Balances outstanding are maintained in the agency fund. It was noted during the audit that the District does not have a formal reconciliation process for these accounts that substantiate the individual balances. We recommend that the District perform a reconciliation of these accounts on a regular basis. The liabilities in the agency fund should then be adjusted to match the reconciliations which will result in an adjustment through the general fund.

District's response: The District is currently in the process of developing and completing reconciliations of these accounts within the Agency Fund, so that reconciliations will be completed going forward on a regular basis.

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND**

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Cassadaga Valley Central School District
Sinclairville, New York**

We have audited the accompanying statement of cash receipts and disbursements - cash basis of the Extraclassroom Activity Fund of the **Cassadaga Valley Central School District** for the year ended June 30, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 the *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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Basis for Qualified Opinion

The records of the Extraclassroom funds of the **Cassadaga Valley Central School District** were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the basis for qualified opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **Cassadaga Valley Central School District** for the year ended June 30, 2019 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 15, 2019**

CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENT ON EXTRACLASSROOM ACTIVITY FUND
STATEMENTS OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2018 THROUGH JUNE 30, 2019

Extracurricular activities:	Balances July 1, 2018	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2019
Class of 2017	\$ 231	\$ -	\$ 231	\$ 231	\$ -
Class of 2018	1,299	40	1,339	1,339	-
Class of 2019	8,012	22,582	30,594	30,582	12
Class of 2020	4,320	8,359	12,679	7,242	5,437
Class of 2021	1,540	1,781	3,321	1,299	2,022
Class of 2022	1,474	1,685	3,159	845	2,314
Class of 2023	3,253	1,420	4,673	776	3,897
Class of 2024	1,087	1,395	2,482	867	1,615
Class of 2025	-	6,854	6,854	4,396	2,458
Concert Band	(55)	5,653	5,598	5,199	399
Art Club	212	-	212	-	212
Book Club	114	1,087	1,201	976	225
Cheerleaders	318	-	318	48	270
Chorus	3,388	-	3,388	-	3,388
Drama Club	1,480	10,586	12,066	13,432	(1,366)
FFA	3,403	-	3,403	-	3,403
GSA Club	65	1,186	1,251	804	447
History Club	333	1,189	1,522	1,006	516
Key Club	1,463	1,877	3,340	1,850	1,490
Student Council - M.S.	10	-	10	-	10
Photography Club	535	31	566	-	566
SADD	492	504	996	246	750
Science Club - Sr. High	124	-	124	-	124
Student Council - Sr. High	1,686	2,289	3,975	1,707	2,268
Student Supply Center	51	-	51	49	2
Technology Club	1,252	-	1,252	-	1,252
Wellness Committee	1,515	1,624	3,139	1,769	1,370
Valley Ministrels	2,924	271	3,195	233	2,962
Valley Yearbook	6,020	4,681	10,701	4,332	6,369
Interest Earned	288	148	436	-	436
Total activity fund	\$ 46,834	\$ 75,242	\$ 122,076	\$ 79,228	\$ 42,848

**CASSADAGA VALLEY CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

Page 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of **Cassadaga Valley Central School District**. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$42,848 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

The accounts of the Extraclassroom Activity Fund of **Cassadaga Valley Central School District** are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.



To the President and Members of the
Board of Education
and School Administration
Cassadaga Valley Central School District
Sinclairville, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Cassadaga Valley Central School District* as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered *Cassadaga Valley Central School District's* internal control over financial reporting (internal control) as a basis for designing 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 *Cassadaga Valley Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Cassadaga Valley Central School District's* internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency in internal control to be a material weakness:

Point of Sale Records

We noted a few instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. Due to the lack of point of sale records, cash receipts are not adequate to permit the application of the necessary auditing procedures to indicate whether receipts were recorded. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

District's response: The District understands the importance of ensuring supporting documents are maintained for transactions within the Extraclassroom Activity Fund accounts. As such, administration is working with the Central Treasurer to make improvements in this area.

Additional comments for the extraclassroom fund of *Cassadaga Valley Central School District* are listed below:

Inactive Clubs

During the audit of the extraclassroom activity fund, we noticed certain activities (Art Club, Student Council – M.S., Science Club and Technology Club) had very little to no activity during the current fiscal year and seem to be inactive accounts. We recommend that the District review the status of these clubs and those activities which are determined to be inactive should be closed out and transferred to the Student Council Club per District Policy.

District's response: The District is working with the Central Treasurer to close out inactive groups.

This communication is intended solely for the information and use of management, Board of Education, and others within [Cassadaga Valley Central School District](#), and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
October 15, 2019**



October 15, 2019

To the Audit Committee
and Board of Education
Cassadaga Valley Central School District
Sinclairville, New York

We have audited the financial statements of Cassadaga Valley Central School District as of and for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 22, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cassadaga Valley Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 15, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.