

MARCELLUS CENTRAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2019

MARCELLUS CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Statement of Net Position	13
Statement of Activities and Changes in Net Position	14
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	17
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	18
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	20
Notes to Basic Financial Statements	21-47
Required Supplementary Information	
SS1 Schedule of Funding Progress – Other Postemployment Benefit Plans	48
SS2 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund	49
SS3 Schedule of District Contributions	50
SS4 Schedule of District's Proportionate Share of the Net Pension Liability	51
Supplementary Information	
SS5 Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	52
SS6 Schedule of Project Expenditures – Capital Projects Fund	53
SS7 Investment in Capital Assets, Net of Related Debt	54



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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Marcellus Central School District
Marcellus, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marcellus Central School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Marcellus Central School District's basic financial statements as listed in the table of contents. We have also audited each fiduciary fund type of Marcellus Central School District, as of and for the year ended June 30, 2019, as displayed in Marcellus Central School District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as well as each fiduciary fund type of Marcellus Central School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis, schedule of funding progress-other postemployment benefit plans, schedule of revenues, expenditures and changes in fund balance-budget (non-GAAP basis) and actual-general fund, schedule of district contributions and schedule of district's proportionate share of the net pension liability* on pages 4–12, 48-51, respectively, 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 Marcellus Central School District's basic financial statements. The *schedule of change from adopted budget to final budget and the real property tax limit, the schedule of project expenditures – capital projects fund and investment in capital assets, net of related debt* (the supplemental information) on pages 52-54 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of change from adopted budget to final budget and the real property tax limit, the schedule of project expenditures – capital projects fund and investment in capital assets, net of related debt (the supplemental information) on pages 51-53 is the responsibility of management and has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019 on our consideration of Marcellus Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Grossman St Amour CPAs". The signature is written in a cursive, flowing style.

Syracuse, New York
October 7, 2019

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Our discussion and analysis of the Marcellus Central School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Independent Auditors' Report on Page 1 and the District's financial statements, which immediately follows this section.

Financial Highlights

- The rates charged by the New York State Teacher's Retirement System increased from 9.80% to 10.62% of member payroll. The rates charged by the New York State Employee's Retirement System decreased from 15.3% to 14.9% of member payroll. The reduction in contribution rates resulted in an increase of retirement contribution expenses of approximately \$175,000.
- The District incurred an additional \$5,800,000 in capital expenditures for the renovation project.
- Fund balance levels decreased by approximately \$675,000 due to unforeseen costs associated with BOCES programs for students with disabilities and an unexpected payment of bond principal related to the capital project bond conversion. The 2019-2020 budget was adjusted to compensate for increased utilization in BOCES programs for students with disabilities. Fund balance levels are expected to remain stable for the foreseeable future due to limited revenues from the State and due to New York's property tax cap legislation.

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 the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual funds* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the 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	<ul style="list-style-type: none"> • Statement of net position • Statement of activities • Reconciliation of governmental funds revenues, expenditures and changes in fund balances to the Statement of activities • Reconciliation of governmental funds balance sheet to the Statement of net position. 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

District-Wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflow of resources, liabilities and deferred inflows of resources – 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 nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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:

- Some funds are required by New York State law and by bond covenants. Generally, the District is required by New York State General Municipal Law (para. 36) to follow the system of accounts formulated and prescribed by the New York State Comptroller.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

The District has two kinds of funds:

- **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 (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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 in the notes to the financial statements explains the relationship (or differences) between them.
- **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.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities. (Rounded to the nearest thousand)

Table 1:

	<u>Governmental Activities and Total School District</u>		<u>Total Percentage Change</u>
	<u>2019</u>	<u>2018</u>	<u>2018 - 2019</u>
Current and Other Assets	\$ 8,289,000	\$ 14,521,000	-42.92%
Capital Assets	49,284,000	44,110,000	11.73%
Net pension asset	<u>1,474,000</u>	<u>623,000</u>	136.60%
Total Assets	<u>59,047,000</u>	<u>59,254,000</u>	-0.35%
Deferred Outflow of Resources	<u>9,120,000</u>	<u>9,988,000</u>	-8.69%
Total Assets and deferred outflow of resources	<u>\$ 68,167,000</u>	<u>\$ 69,242,000</u>	
Long-Term Debt-Due in One Year	\$ 5,729,000	\$ 7,844,000	-26.96%
Long-Term Debt-Due in More than One Year	64,583,000	48,825,000	32.27%
Net pension liability	829,000	360,000	130.28%
Other Liabilities	<u>3,240,000</u>	<u>18,446,000</u>	-82.44%
Total Liabilities	<u>74,381,000</u>	<u>75,475,000</u>	-1.45%
Deferred Inflow of Resources	<u>14,207,000</u>	<u>15,333,000</u>	-7.34%
Net Position:			
Invested in Capital Assets	49,284,000	44,110,000	11.73%
Related Debt	(30,938,000)	(33,057,000)	-6.41%
Restricted	3,201,000	3,030,000	5.64%
Unrestricted Net Deficit	<u>(41,968,000)</u>	<u>(35,649,000)</u>	17.73%
Total Net Position	<u>(20,421,000)</u>	<u>(21,566,000)</u>	-5.31%
Total Liabilities and Net Position	<u>\$ 68,167,000</u>	<u>\$ 69,242,000</u>	

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2:

	Governmental Activities and Total School District		Total Percentage Change
	2019	2018	2018 - 2019
REVENUES			
Program Revenues:			
Charges for Services	\$ 428,000	\$ 440,000	-2.73%
Operating Grants and Contributions	728,000	769,000	-5.33%
General Revenue:			
Property Taxes and Other Tax Items	18,971,000	15,795,000	20.11%
State Sources	14,686,000	14,256,000	3.02%
Federal Sources	89,000	47,000	89.36%
Other General Revenues	554,000	3,431,000	-83.85%
Total Revenues	35,456,000	34,738,000	2.07%
PROGRAM EXPENSES			
General Support	4,152,000	4,585,000	-9.44%
Instruction	26,215,000	26,810,000	-2.22%
Transportation	2,513,000	2,506,000	0.28%
Debt Service	1,192,000	790,000	50.89%
School Lunch Program	240,000	229,000	4.80%
Total Program Expenses	34,312,000	34,920,000	
Total Expenses	34,312,000	34,920,000	-1.74%
Increase (Decrease) in Net Position	\$ 1,144,000	\$ (182,000)	-728.57%

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 3 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. (Rounded to the nearest thousand)

Table 3
Governmental Activities

	Total cost of services		Net cost of services	
	2019	2018	2019	2018
General Support	\$ 4,152,000	\$ 4,585,000	\$ 4,152,000	\$ 4,585,000
Instruction	26,215,000	26,810,000	25,592,000	26,118,000
Pupil Transportation	2,513,000	2,506,000	2,513,000	2,506,000
Debt Service - Interest	1,192,000	790,000	1,192,000	790,000
School Lunch Program	240,000	229,000	(293,000)	(288,000)
Total	\$ 34,312,000	\$ 34,920,000	\$ 33,156,000	\$ 33,711,000

Financial Analysis of the School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with the New York State Comptroller.

Governmental Funds

The purpose of the District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between assigned or unassigned balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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

General Fund Budgetary Highlights

The budgetary comparison information on page 50 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2019. The significant variances between the adopted and the final budget for 2019 were as follows:

Voter Approved Budget	\$ 35,503,851
Board Approved Budget Adjustments	59,599
2018 Additional Appropriations:	
Encumbrances Carryover	5,000
Final Budget	\$ 35,568,450

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the District had approximately \$82 million invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. Table 4 categorically illustrates the District's capital assets.

Table 4:	Governmental Activities and Total School District		Total Percentage Change
	2019	2018	2018 - 2019
Land	\$ 246,542	\$ 246,542	0.00%
Work in Progress	16,656,580	10,667,518	56.14%
Buildings and Improvements	54,974,053	54,500,775	0.87%
Machinery and Equipment	9,694,848	9,817,571	-1.25%
Total	\$ 81,572,023	\$ 75,232,406	8.43%

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Long-Term Obligations

At June 30, 2019, the District had approximately \$71 million in long-term obligations. Table 5 provides a summary of the debt. The notes to the basic financial statements provide additional details regarding this debt.

Table 5:	Total School District		Total Percentage
	2019	2018	Change
			2018 - 2019
General Obligation Bonds (Financed with Property Taxes)	\$ 29,759,393	\$ 14,865,000	100.20%
Other Postemployment Benefits	40,237,281	40,038,882	0.50%
Pension Liability	829,455	359,790	130.54%
Compensated Absences	315,457	272,204	15.89%
Total Long-term Liabilities	\$ 71,141,586	\$ 55,535,876	28.10%

Factors bearing on the District's Future

- At June 30, 2019, New York State limits the amount of general obligation debt that school districts can issue to 10% of the assessed value of all taxable property within the District's geographic limits.
- Legislative mandates and state education department initiatives, which are not accompanied by financial support, continue to be a concern to the District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about the report or additional financial information needs should be directed to:

Marcellus Central School District
2 Reed Parkway
Marcellus, New York 13108
(315) 673-6001

MARCELLUS CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

ASSETS

Cash	
Unrestricted	\$ 3,920,193
Restricted	3,201,358
Receivables	
State and federal aid	1,079,487
Due from fiduciary funds	1,813
Other	71,421
Inventories	14,352
Capital assets, net	49,284,234
Net pension asset- proportionate share	1,474,407
	<hr/>
Total assets	59,047,265

DEFERRED OUTFLOW OF RESOURCES

Other postemployment benefits	755,752
Pensions	8,363,978
Total deferred outflow of resources	<hr/> 9,119,730
Total assets and deferred outflow of resources	<hr/> <u>\$ 68,166,995</u>

LIABILITIES

Accounts payable	\$ 172,568
Accrued liabilities	233,389
Due to teachers' retirement system	1,532,523
Due to employees' retirement system	122,097
Notes payable	
Bond anticipation	1,179,177
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,803,293
Other postemployment benefits payable	2,925,415
Due and payable after one year	
Bonds payable	26,956,100
Other postemployment benefits payable	37,311,866
Compensated absences payable	315,457
Net pension liability- proportionate share	829,455
	<hr/>
Total liabilities	74,381,340

DEFERRED INFLOW OF RESOURCES

Other postemployment benefits	11,950,529
Pensions	2,256,611
Total deferred inflows of resources	<hr/> 14,207,140

NET POSITION

Investment in capital assets, net of related debt	18,345,664
Restricted	3,201,358
Unrestricted (deficit)	(41,968,507)
	<hr/>
Total net position	(20,421,485)
Total liabilities, deferred inflows of resources and net position	<hr/> <u>\$ 68,166,995</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2019

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ (2,910,460)	\$ (1,241,387)	\$ -	\$ -	\$ (4,151,847)
Instruction	(19,594,419)	(6,620,726)	41,154	581,591	(25,592,400)
Pupil transportation	(2,099,487)	(413,795)	-	-	(2,513,282)
Employee benefits	(8,275,908)	8,275,908	-	-	-
Debt service - interest	(1,191,543)	-	-	-	(1,191,543)
School lunch program	(240,758)	-	387,279	146,549	293,070
	<u>\$ (34,312,575)</u>	<u>\$ -</u>	<u>\$ 428,433</u>	<u>\$ 728,140</u>	<u>(33,156,002)</u>
GENERAL REVENUES					
Real property taxes					16,218,700
Other real property tax items					2,752,111
Nonproperty taxes					40,813
Use of money and property					115,656
Sale of property and compensation for loss					24,579
State sources					14,686,316
Medicaid reimbursement					89,035
Miscellaneous					372,804
					<u>34,300,014</u>
Total general revenues					34,300,014
Change in net position					1,144,012
Total net position (deficit)- beginning of year					<u>(21,565,497)</u>
Total net position (deficit) - end of year					<u>\$ (20,421,485)</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2019

	General	Special Aid	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 2,099,079	\$ -	\$ 18,056	\$ 1,803,058	\$ -	\$ 3,920,193
Restricted	2,991,160	210,198	-	-	-	3,201,358
Receivables						
State and federal aid	877,444	190,708	11,335	-	-	1,079,487
Due from other funds	1,093,154	112,719	285,873	-	223	1,491,969
Due from fiduciary funds	1,813	-	-	-	-	1,813
Other	46,110	-	2,816	22,495	-	71,421
Inventories	-	-	14,352	-	-	14,352
Total assets	\$ 7,108,760	\$ 513,625	\$ 332,432	\$ 1,825,553	\$ 223	\$ 9,780,593
LIABILITIES						
Accounts payable	\$ 25,110	\$ 115	\$ -	\$ 147,343	\$ -	\$ 172,568
Accrued liabilities and deferred revenue	44,437	11,281	11,488	-	-	67,206
Due to other funds	398,592	502,229	468,967	122,181	-	1,491,969
Due to fiduciary funds	-	-	-	-	-	-
Bond anticipation note payable	-	-	-	1,179,177	-	1,179,177
Due to teachers' retirement system	1,532,523	-	-	-	-	1,532,523
Due to employees' retirement system	122,097	-	-	-	-	122,097
Total liabilities	2,122,759	513,625	480,455	1,448,701	-	4,565,540
FUND BALANCES						
Nonspendable:						
Reserved for inventory	-	-	14,352	-	-	14,352
Restricted for:						
Reserved for unemployment insurance	28,386	-	-	-	-	28,386
Reserved for retirement	2,726,745	-	-	-	-	2,726,745
Reserved for employee benefits	236,029	-	-	-	-	236,029
Assigned to:						
Assigned appropriated fund balance	1,349,439	-	-	-	-	1,349,439
Assigned unappropriated fund balance	6,039	-	(162,375)	-	-	(156,336)
Unassigned:						
Unassigned fund balance	639,363	-	-	376,852	223	1,016,438
Total fund balances	4,986,001	-	(148,023)	376,852	223	5,215,053
Total liabilities and fund balances	\$ 7,108,760	\$ 513,625	\$ 332,432	\$ 1,825,553	\$ 223	\$ 9,780,593

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

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

June 30, 2019

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 3,920,193	\$ -	\$ -	\$ 3,920,193
Restricted for reserves	3,201,358	-	-	3,201,358
Receivables				
State and federal aid	1,079,487	-	-	1,079,487
Due from other funds	1,491,969	-	(1,491,969)	-
Due from fiduciary funds	1,813	-	-	1,813
PILOT, transportation and other	71,421	-	-	71,421
Inventories	14,352	-	-	14,352
Capital assets, net	-	49,284,234	-	49,284,234
Net pension asset- proportionate share	-	1,474,407	-	1,474,407
Total assets	<u>9,780,593</u>	<u>50,758,641</u>	<u>(1,491,969)</u>	<u>59,047,265</u>
DEFERRED OUTFLOW OF RESOURCES				
Other postemployment benefits	-	755,752	-	755,752
Pensions	-	8,363,978	-	8,363,978
Total Deferred Outflows of Resources	<u>-</u>	<u>9,119,730</u>	<u>-</u>	<u>9,119,730</u>
	<u>\$ 9,780,593</u>	<u>\$ 59,878,371</u>	<u>\$ (1,491,969)</u>	<u>\$ 68,166,995</u>
LIABILITIES				
Payables				
Accounts payable	\$ 172,568	\$ -	\$ -	\$ 172,568
Accrued liabilities	67,206	166,183	-	233,389
Due to other funds	1,491,969	-	(1,491,969)	-
Due to employees' retirement system	122,097	-	-	122,097
Due to teachers' retirement system	1,532,523	-	-	1,532,523
Bond anticipation note payable	1,179,177	-	-	1,179,177
Long-term debt-due within one year				
Bonds payable	-	2,803,293	-	2,803,293
Other postemployment benefits payable	-	2,925,415	-	2,925,415
Long-term debt-due in more than one year				
Bonds payable	-	26,956,100	-	26,956,100
Other postemployment benefits payable	-	37,311,866	-	37,311,866
Compensated absences	-	315,457	-	315,457
Net pension liability- proportionate share	-	829,455	-	829,455
Total liabilities	<u>4,565,540</u>	<u>71,307,769</u>	<u>(1,491,969)</u>	<u>74,381,340</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	11,950,529	-	11,950,529
Pensions	-	2,256,611	-	2,256,611
Total Deferred Inflows of Resources	<u>-</u>	<u>14,207,140</u>	<u>-</u>	<u>14,207,140</u>
FUND BALANCE/NET POSITION				
Total fund balance/net position	<u>5,215,053</u>	<u>(25,636,538)</u>	<u>-</u>	<u>(20,421,485)</u>
	<u>\$ 9,780,593</u>	<u>\$ 59,878,371</u>	<u>\$ (1,491,969)</u>	<u>\$ 68,166,995</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2019

	General	Special Aid	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Governmental Funds
REVENUES						
Real property taxes	\$ 16,218,700	\$ -	\$ -	\$ -	\$ -	\$ 16,218,700
Other real property tax items	2,752,111	-	-	-	-	2,752,111
Nonproperty taxes	40,813	-	-	-	-	40,813
Charges for services	41,154	-	-	-	-	41,154
Use of money and property	115,656	-	-	-	-	115,656
Sale of property and compensation for loss	24,579	-	-	-	-	24,579
State sources	14,572,874	113,442	5,522	-	-	14,691,838
Sales	-	-	387,279	-	-	387,279
Miscellaneous	339,861	-	9,319	-	23,624	372,804
Federal sources	89,035	581,591	141,027	-	-	811,653
Total revenues	<u>34,194,783</u>	<u>695,033</u>	<u>543,147</u>	<u>-</u>	<u>23,624</u>	<u>35,456,587</u>
EXPENDITURES						
General support	2,585,027	-	-	-	-	2,585,027
Instruction	18,294,618	581,591	-	-	-	18,876,209
Pupil transportation	1,725,817	133,833	-	-	-	1,859,650
School food program	-	-	240,758	-	-	240,758
Employee benefits	7,956,578	-	319,330	-	-	8,275,908
Debt service						
Principal	2,785,606	-	-	-	-	2,785,606
Interest	1,111,748	-	-	-	-	1,111,748
Capital outlay	473,278	-	-	6,425,045	-	6,898,323
Total expenditures	<u>34,932,672</u>	<u>715,424</u>	<u>560,088</u>	<u>6,425,045</u>	<u>-</u>	<u>42,633,229</u>
Excess (deficiency) of revenues over expenditures	<u>(737,889)</u>	<u>(20,391)</u>	<u>(16,941)</u>	<u>(6,425,045)</u>	<u>23,624</u>	<u>(7,176,642)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	17,089,393	-	17,089,393
BANs redeemed from appropriations	-	-	-	590,606	-	590,606
Interfund transfers	64,221	20,391	-	106,543	(191,155)	-
Total other sources (uses)	<u>64,221</u>	<u>20,391</u>	<u>-</u>	<u>17,786,542</u>	<u>(191,155)</u>	<u>17,679,999</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>(673,668)</u>	<u>-</u>	<u>(16,941)</u>	<u>11,361,497</u>	<u>(167,531)</u>	<u>10,503,357</u>
Fund balance - beginning of year	<u>5,659,669</u>	<u>-</u>	<u>(131,082)</u>	<u>(10,984,642)</u>	<u>167,754</u>	<u>(5,288,301)</u>
Fund balance (deficit) - end of year	<u>\$ 4,986,001</u>	<u>\$ -</u>	<u>\$ (148,023)</u>	<u>\$ 376,855</u>	<u>\$ 223</u>	<u>\$ 5,215,056</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2019

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 16,218,700	\$ -	\$ -	\$ -	\$ 16,218,700
Other real property tax items	2,752,111	-	-	-	2,752,111
Nonproperty taxes	40,813	-	-	-	40,813
Charges for services	41,154	-	-	-	41,154
Use of money and property	115,656	-	-	-	115,656
Sale of property and compensation for loss	24,579	-	-	-	24,579
State sources	14,691,838	-	-	-	14,691,838
Federal sources	811,653	-	-	-	811,653
Sales - school food programs	387,279	-	-	-	387,279
Miscellaneous	372,804	-	-	-	372,804
Total revenues	35,456,587	-	-	-	35,456,587
EXPENDITURES/EXPENSES					
General support	2,585,027	107,922	251,000	(33,489)	2,910,460
Instruction	18,876,209	(325,526)	1,222,344	(178,608)	19,594,419
Pupil transportation	1,859,650	-	251,000	(11,163)	2,099,487
School food programs	240,758	-	-	-	240,758
Employee benefits	8,275,908	-	-	-	8,275,908
Debt service	3,897,354	-	-	(2,705,811)	1,191,543
Capital outlay	6,898,323	-	(6,898,323)	-	-
Total expenditures/expenses	42,633,229	(217,604)	(5,173,979)	(2,929,071)	34,312,575
Excess (deficiency) of revenues over expenditures/expenses	(7,176,642)	217,604	5,173,979	2,929,071	1,144,012
OTHER SOURCES AND USES					
Proceeds from debt	17,089,393	-	-	(17,089,393)	-
BANs redeemed from appropriations	590,606	-	-	(590,606)	-
Total other sources (uses)	17,679,999	-	-	(17,679,999)	-
Net change for the year	\$ 10,503,357	\$ 217,604	\$ 5,173,979	\$ (14,750,928)	\$ 1,144,012

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2019

	Private Purpose Trusts	Agency
ASSETS		
Restricted cash	\$ 104,602	\$ 279,062
Due from other funds	-	3,500
Accounts receivable	-	38,255
Total assets	<u>\$ 104,602</u>	<u>\$ 320,817</u>
LIABILITIES		
Extraclassroom activity balances	\$ -	101,903
Due to other funds	3,500	1,813
Other liabilities	-	217,101
Total liabilities	<u>3,500</u>	<u>\$ 320,817</u>
NET ASSETS		
Reserved for scholarships	<u>101,102</u>	
	<u>\$ 104,602</u>	

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Year Ended June 30, 2019

	Private Purpose Trusts
ADDITIONS	
Donations	\$ 47,548
Interest	97
Total additions	47,645
DEDUCTIONS	
Scholarships and awards	50,957
Change in net assets	(3,312)
Net position - beginning of year	104,414
Net position - end of year	\$ 101,102

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 – Summary of certain significant accounting policies

The financial statements of the Marcellus Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

The Marcellus Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus* an amendment of GASB Statements No. 14 and No. 34. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit(s) and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the 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 description of certain entities included in the District’s reporting entity.

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison BOCES (OCMBOCES). A Board of Cooperative Education Services (BOCES) is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component. There are 23 participating school districts, including Marcellus, in OCMBOCES. The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of OCMBOCES, however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

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

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

During the year, the District was billed \$3,029,040 for OCMBOCES administrative and program costs. The District's share of OCMBOCES aid amounted to \$1,233,169.

Financial statements for the OCMBOCES are available from the OCMBOCES administrative office. As of June 30, 2017 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(19,156,165).

C) Basis of presentation:

i) District-wide statements:

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

C) Basis of presentation (continued):

The Statement of Activities presents a comparison between program expenses and 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions 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.

ii) Fund 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 Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Use to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

C) Basis of presentation (continued):

The District reports the following fiduciary funds:

Fiduciary Fund: 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. The District has the following classes of fiduciary funds:

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

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

D) Measurement focus and basis of accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the 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 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 90 days after the end of the fiscal year.

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2018. Taxes were collected during the period September 2, 2018 to October 31, 2018. Uncollected real property taxes are subsequently enforced by Onondaga County, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, post-employment benefit obligations, pension asset and liabilities, potential contingent liabilities and useful lives of long-lived assets.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

I) Cash and investments:

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

J) Accounts receivable:

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

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

L) Capital assets:

Capital assets acquisitions are reported at historical costs. 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 are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$5,000	Straight Line	40 years
Furniture and equipment	5,000	Straight Line	5-20 years

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

M) Deferred revenue:

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenue is removed and recognized.

N) 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 government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 proportionate 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) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position or balance sheet 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 or fund balance 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 four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. 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 liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

O) Vested employee benefits:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

P) Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

Q) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The District may issue Bond Anticipation Notes (BAN), 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

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

R) Accrued liabilities and long-term obligations:

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

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

S) Equity classifications:

Net Position/ Fund Balance:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which resourced are considered to be applied

Order of Use of Fund Balance:

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

S) Equity classifications (continued):

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

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

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

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

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

Non-spendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$14,352.

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

Employee Benefit Accrued Liability

According to GML §6-p, fund must be for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Retirement Contributions

According to GML §6-r, the purpose of this fund is to accumulate moneys for the payment of retirement contributions to the New York State and Local Employees' Retirement System ("ERS"), pursuant to the Retirement and Social Security Law. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

S) Equity classifications (continued):

Unemployment Insurance Reserve

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances held by the district at June 30, 2019 totaled \$6,039.

Restricted fund balance includes the following:

Description	
Unemployment Insurance Reserve	\$ 28,386
Reserve for Employee Benefit Accrual Liability	236,029
Reserve for Retirement Contributions	2,726,745
	\$ 2,991,160

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2019.

Assigned – includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$6,039.

Unassigned – includes all other General Fund Net Position that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of certain significant accounting policies (continued)

S) Equity classifications (continued):

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

T) New accounting standards

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

GASB Statement No. 88- Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.

GASB Statement No. 83- Certain Asset Retirement Obligations.

U) Future changes in accounting standards

GASB Statement No. 84- Fiduciary Activities Effective for the year ending June 30, 2020.

GASB Statement No. 87- Leases Effective for the year ending June 30, 2021

GASB Statement No. 89- Accounting for Interest Cost Incurred before the end of a Construction Period Effective for the year ending June 30, 2021.

GASB Statement No. 91- Conduit Debt Obligations- Effective for the year ending June 30, 2022.

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

Note 2 - Explanation of certain differences between fund statements and District-wide statements

Due to the differences in the measurement focus and basis of accounting used in the 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of Governmental Funds versus Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 2 - Explanation of certain differences between fund statements and District-wide statements (continued)

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

Differences between the fund's Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. This reconciliation is performed on page 18. The amounts represent:

i) Long-term revenue differences:

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

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv) 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.

v) 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.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 3 – Stewardship, compliance and accountability

The District administration prepares a proposed budget for approval by the Board of Education, which in turn is either approved or disapproved by eligible voters in the District. The voters of the District approved the proposed appropriation budget for the General Fund on May 15, 2018.

Appropriations are adopted at the program level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The School Lunch fund had a deficit fund balance of \$148,023. The District has budgeted for a profit in the School Lunch fund which will reduce the deficit in the 2019-2020 year.

Note 4 – Cash and cash equivalents

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 4 – Cash and cash equivalents

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Total financial institution bank balances at year-end, per the bank, were \$8,501,491. These deposits are insured or collateralized with securities held by the financial institution in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$3,201,358 within the governmental funds and \$383,664 in the fiduciary funds.

Note 5 - Capital assets

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 246,542	\$ -	\$ -	\$ 246,542
Construction in progress	10,667,518	5,989,062	-	16,656,580
Total nondepreciable	<u>10,914,060</u>	<u>5,989,062</u>	<u>-</u>	<u>16,903,122</u>
Capital assets that are depreciated:				
Buildings and improvements	54,500,775	473,278	-	54,974,053
Furniture, equipment and vehicle:	<u>9,817,571</u>	<u>435,983</u>	<u>(558,706)</u>	<u>9,694,848</u>
Total depreciable assets	<u>64,318,346</u>	<u>909,261</u>	<u>(558,706)</u>	<u>64,668,901</u>
Less accumulated depreciation:				
Buildings and improvements	(23,733,797)	(1,222,344)	-	(24,956,141)
Furniture, equipment and vehicle:	<u>(7,388,354)</u>	<u>(502,000)</u>	<u>558,706</u>	<u>(7,331,648)</u>
Total accumulated depreciation	<u>(31,122,151)</u>	<u>(1,724,344)</u>	<u>558,706</u>	<u>(32,287,789)</u>
Total depreciated assets, net	<u>\$ 44,110,255</u>	<u>\$ 5,173,979</u>	<u>\$ -</u>	<u>\$ 49,284,234</u>
Depreciation expense was charged to governmental functions as follows:				
General support		\$ 251,000		
Instruction		1,222,344		
Pupil transportation		<u>251,000</u>		
		<u>\$ 1,724,344</u>		

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 – Short-term debt

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	6/29/2019	2.25%	<u>\$ 8,800,000</u>	<u>-</u>	<u>8,800,000</u>	<u>\$ -</u>
BAN	2/23/2019	3.00%	<u>\$ 8,213,190</u>	<u>-</u>	<u>8,213,190</u>	<u>\$ -</u>
BAN	4/10/2020	2.34%	<u>\$ 1,178,609</u>	<u>1,179,177</u>	<u>1,178,609</u>	<u>\$ 1,179,177</u>
			<u>\$ 18,191,799</u>	<u>1,179,177</u>	<u>18,191,799</u>	<u>\$ 1,179,177</u>

Note 7 - Long-term obligations

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>One Year</u>
Government Activities					
Bonds payable	\$ 14,865,000	\$17,089,393	\$ 2,195,000	\$29,759,393	\$ 2,803,293
Other Obligations					
Net pension liability	359,790	469,665	-	829,455	829,455
Other postemployment benefits payable	40,038,882	2,925,415	2,727,016	40,237,281	2,925,415
Compensated absences	<u>272,204</u>	<u>43,253</u>	<u>-</u>	<u>315,457</u>	<u>-</u>
Total Long-term Obligations	<u>\$ 55,535,876</u>	<u>\$20,527,726</u>	<u>\$ 4,922,016</u>	<u>\$71,141,586</u>	<u>\$ 6,558,163</u>

Interest paid and expensed on long-term obligations for the year approximated \$1,111,748.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 7 - Long-term obligations (continued)

The following is a schedule of bonds outstanding at June 30, 2019:

<u>Payable from/ Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
Refunding of 2002A & 2006 Bonds	4/23/2014	\$ 6,450,000	1/15/2035	2.00-4.00%	\$ 4,820,000
Refunding of 2007 & 2010 Bonds	11/5/2014	\$10,300,000	6/15/2024	2.00-5.00%	5,700,000
Energy Performance Contract	8/14/2015	\$ 2,029,037	8/14/2030	2.52%	1,700,000
Serial Bonds 2015	7/17/2015	\$ 583,000	6/15/2030	2.98%	450,000
Serial Bonds 2019A	6/17/2019	\$14,640,000	6/15/2034	3.00%-5.00%	14,640,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2020	\$ 2,803,293	\$ 1,348,794	\$ 4,152,087
2021	3,098,293	1,046,665	4,144,958
2022	2,273,293	927,623	3,200,916
2023	1,973,293	840,831	2,814,124
2024	2,053,293	759,363	2,812,656
2024-2029	8,131,465	3,299,329	11,430,794
2029-2034	9,031,463	1,118,685	10,150,148
2034-2039	395,000	15,801	410,801
Totals	<u>\$ 29,759,393</u>	<u>\$ 9,357,091</u>	<u>\$ 39,116,484</u>

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 8 – Interfund balances and activity

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,094,967	\$ 398,592	\$ 290,988	\$ 226,767
Special Aid Fund	112,719	502,229	26,767	6,376
School Lunch Fund	285,873	468,967	-	-
Capital Projects Fund	-	122,181	200,000	93,457
Debt Service Fund	223	-	-	191,155
Total governmental activities	1,493,782	1,491,969	517,755	517,755
Fiduciary Agency Fund	3,500	5,313	-	-
	<u>\$ 1,497,282</u>	<u>\$ 1,497,282</u>	<u>\$ 517,755</u>	<u>\$ 517,755</u>

The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund the local portion of the Special Education Summer School Program. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 9– Pension plans

General Information

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

Provisions and Administration

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 9– Pension plans (continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% 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 TRS, contribution rates are established annually by the New York State Teachers’ Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions for the ERS’ fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, was:

	NYSTRS	NYSERS
2018-2019	\$ 1,531,616	\$ 498,441
2017-2018	1,374,019	477,584
2016-2017	1,586,651	458,908

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The District exercised that option.

Effective July 1, 2008, the District adopted a compensatory agreement relating to an additional compensation clause in the Superintendent’s contract. This plan called for the District to contribute \$3,000 annually to the 403(b)(7) retirement plan and was still applicable as of June 30, 2019.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 9– Pension plans (continued)

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 liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of June 30, 2018 for TRS and March 31, 2019, for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District’s proportion of the net pension 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 TRS and ERS Systems in reports provided to the District

	ERS	TRS	
Actuarial valuation date	4/1/2018	6/30/2018	
Net pension asset/ (liability)	\$ (829,455)	\$ 1,474,407	
District's portion of the Plan's total net pension asset/ (liability)	0.0117067%	0.081537%	

For the year ended June 30, 2019, the District’s recognized pension expense (credit) of \$1,474,407 for TRS and \$602,157 for ERS. 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 outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 163,337	\$ 1,101,812	\$ 55,680	\$ 199,581
Changes of assumption	208,491	5,154,019	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	212,884	1,636,704
Changes in proportion and differences between the District's contributions and proportionate share of contributions	111,314	93,389	2,960	148,802
District's contribution subsequent to the measurement date	-	1,531,616	-	-
Total	\$ 483,142	\$ 7,880,836	\$ 271,524	\$ 1,985,087

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 9– Pension plans (continued)

Year ended:	ERS	TRS
2019	\$ -	\$1,467,898
2020	218,186	993,423
2021	(135,493)	95,867
2022	3,899	989,949
2023	125,026	657,961
Thereafter	-	159,035
	<u>\$ 211,618</u>	<u>\$4,364,133</u>

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7%	7.25%
Salary scale	3.80% - 4.50%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale AA. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2014. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. 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.

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 9 – Pension plans (continued)

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	TRS
	3/31/2019	6/30/2018
Asset Type		
Domestic equity	36%	33%
International equity	14%	16%
Real estate	10%	11%
Private equities	10%	8%
Domestic fixed income securities	0%	16%
Global fixed income securities	0%	2%
Global equities	0%	4%
High-yield fixed income securities	0%	1%
Mortgages	17%	8%
Short-term	0%	1%
Opportunistic portfolio	3%	0%
Cash	1%	0%
Inflation-indexed bonds	4%	0%
Absolute return strategies	2%	0%
Real assets	3%	0%
	100%	100%

Discount Rate

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

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

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 9 – Pension plans (continued)

ERS	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (3,626,510)	\$ (829,455)	\$ 1,520,270
TRS	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (10,129,415)	\$ 1,474,407	\$ 11,195,185

Payables to the Pension Plan

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 covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to 1,532,523.

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 contributions for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$122,097 of employer contributions. Employee contributions are remitted monthly.

Note 10 – Postemployment (health insurance) benefits

A. General information about the plan and benefits

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

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

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 10 – Postemployment (health insurance) benefits (continued)

Retirees and Survivors	117
Active employees	<u>263</u>
	<u><u>380</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$40,038,882 was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs- The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	3.00%
Discount Rate	3.87%
Healthcare Cost Trend Rates	6.5% for 2019, decreasing .25% per year to an ultimate rate of 4.03% for 2089 and later years
Retirees' Share of Benefit-Related Costs	45% of projected health insurance premiums for retirees

The Discount rate was based on Bond Buyer Weekly 20-Bond GO Index. Mortality rates were based on RPH-2014 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2017- June 30, 2018.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 10 – Postemployment (health insurance) benefits (continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 40,038,882
<u>Changes for the Year</u>	
Service cost	1,444,377
Interest	1,481,038
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,040,349)
Benefit payments	<u>(686,667)</u>
Net Changes	<u>198,399</u>
Balance at June 30, 2019	<u><u>\$ 40,237,281</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.6% in 2018 to 3.87% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 48,529,414</u>	<u>\$ 40,237,281</u>	<u>\$ 33,741,810</u>

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 32,746,465</u>	<u>\$ 40,237,281</u>	<u>\$ 50,220,440</u>

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 10 – Postemployment (health insurance) benefits (continued)

D. 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 negative OPEB expense of \$532,492. 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	\$ -	\$ 4,454,436
Changes of assumptions or other inputs	-	7,496,093
Contributions subsequent to the measurement period	755,752	-
	\$ 755,752	\$ 11,950,529

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

Year Ended June 30,	Amount
2020	\$ (2,392,923)
2021	(2,392,923)
2022	(2,392,923)
2023	(2,392,923)
2024 and Thereafter	(2,378,837)
	\$ (11,950,529)

Note 11 – Risk management

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 12 – Donor restricted endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships.

Note 13 – Commitments and contingent liabilities

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial. New York State Education Law requires that most capital projects require approval by the New York Office of Facilities Planning. New York State provides building aid for certain type of capital projects undertaken by school districts. Building aid is subject to numerous reporting requirements. The failure to adhere to these reporting requirements could lead to the refund of building aid already received and the loss of future aid on these particular capital projects. Building aid represents a significant source of financing for the Districts' financing of such projects and any loss or refund of building aid could have a significant impact on these financial statements.

Note 14 – Subsequent events

As of the date of these financial statements, the sale of 4641 Kasson Road property is pending. Management has evaluated subsequent events through October 7, 2019, which is the date the financial statements were available to be issued.

MARCELLUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Measurement Date	July 1, 2018	July 1, 2017
Total OPEB Liability	\$ 40,237,281	\$ 40,038,882
Service Cost	1,444,377	1,985,248
Interest	1,481,038	1,498,197
Changes in benefit terms	-	70,343
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(6,283,772)
Changes in assumptions or other inputs	(2,040,349)	(8,115,260)
Benefit payments	<u>(686,667)</u>	<u>602,133</u>
Net change in total OPEB liability	198,399	(10,243,111)
Total OPEB liability- beginning	<u>40,038,882</u>	<u>50,281,993</u>
Total OPEB liability- ending	<u>\$ 40,237,281</u>	<u>\$ 40,038,882</u>
Covered payroll	\$ 17,273,871	\$ 16,772,005
Total OPEB liability as a percentage of covered payroll	233%	239%

Note:

The District has net assets accumulated in a trust that meets certain criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB liabilities. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

See paragraph on required supplementary information included in the auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the year ended June 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 16,200,041	\$ 16,200,041	\$ 16,218,700		\$ 18,659
Other tax items	2,753,000	2,753,000	2,752,111		(889)
Nonproperty taxes	76,819	76,819	40,813		(36,006)
Charges for services	33,000	33,000	41,154		8,154
Use of money and property	40,000	40,000	115,656		75,656
Sale of property and compensation for loss	17,000	17,000	24,579		7,579
Miscellaneous	283,466	293,066	339,861		46,795
Total local sources	19,403,326	19,412,926	19,532,874		119,948
State sources	14,657,628	14,707,628	14,572,874		(134,754)
Federal sources	-	-	89,035		89,035
Appropriated reserves	1,349,439	1,349,439	-		(1,349,439)
Total revenues	35,410,393	35,469,993	34,194,783		(1,275,210)
OTHER FINANCING SOURCES					
Transfer from other funds	93,458	93,458	290,988		197,530
Total revenues and other sources	\$ 35,503,851	\$ 35,563,451	\$ 34,485,771		\$ (1,077,680)
EXPENDITURES					
General support					
Board of education	25,230	34,925	30,704	-	4,221
Central administration	182,385	185,385	184,601	-	784
Finance	371,408	388,677	366,642	-	22,035
Staff	195,750	179,481	171,040	-	8,441
Central services	2,355,915	2,250,216	1,984,096	652	265,468
Special items	329,705	329,705	321,222	-	8,483
Total general support	3,460,393	3,368,389	3,058,305	652	309,432
Instruction					
Instruction, administration and improvement	1,161,184	1,163,089	1,069,491	-	93,598
Teaching - regular school	10,450,738	10,766,883	10,655,618	5,387	105,878
Programs for students with disabilities	2,794,645	2,931,931	3,108,184	-	(176,253)
Occupational education	407,178	339,037	338,509	-	528
Instructional media	1,289,653	1,338,061	1,206,984	-	131,077
Pupil services	1,884,103	1,964,603	1,915,832	-	48,771
Total instruction	17,987,501	18,503,604	18,294,618	5,387	203,599
Pupil transportation	1,893,745	1,834,245	1,725,817	-	108,428
Employee benefits	8,515,972	8,215,972	7,956,578	-	259,394
Debt service	3,446,240	3,446,240	3,897,354	-	(451,114)
Total expenditures	35,303,851	35,368,450	34,932,672	6,039	429,739
OTHER FINANCING USES					
Transfer to other funds	200,000	200,000	226,767	-	(26,767)
Total expenditures and other uses	\$ 35,503,851	\$ 35,568,450	35,159,439	\$ 6,039	\$ 402,972
Net change in fund balance			(673,668)		
Fund balance - beginning			5,659,669		
Fund balance - ending			\$ 4,986,001		

Note To Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on required supplementary information included in the auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the year ended June 30, 2019

	<i>Teachers' Retirement System</i>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,531,616	\$ 1,374,019	\$ 1,586,561	\$ 1,698,898	\$ 2,100,607
Contributions in relation to the contractually required contribution	<u>\$ 1,531,616</u>	<u>\$ 1,374,019</u>	<u>1,586,561</u>	<u>1,698,898</u>	<u>2,100,607</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,696,855	\$ 13,281,490	\$ 12,992,995	\$ 12,352,391	\$ 13,366,283
Contributions as a percentage of covered payroll	11%	10%	12%	14%	16%
	<i>Employees' Retirement System</i>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 498,441	\$ 477,584	\$ 458,908	\$ 529,213	\$ 551,160
Contributions in relation to the contractually required contribution	<u>498,441</u>	<u>477,584</u>	<u>458,908</u>	<u>529,213</u>	<u>551,160</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,577,016	\$ 3,490,515	\$ 3,729,010	\$ 3,782,086	\$ 2,815,834
Contributions as a percentage of covered payroll	14%	14%	12%	14%	20%

See paragraph on other information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the year ended June 30, 2019

<i>Teachers' Retirement System</i>					
	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.081537%	0.081992%	0.080049%	0.081707%	0.79327%
District's proportionate share of the net pension asset (liability)	\$ 1,474,407	\$ 623,219	\$ (857,360)	\$ 10,124,692	\$ 8,836,535
District's covered payroll	\$ 13,696,855	\$ 13,281,490	\$ 12,992,995	\$ 12,352,391	\$ 13,366,283
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	11%	5%	-7%	82%	66%
Plan fiduciary net position as a percentage of the total pension liability					
<i>Employees' Retirement System</i>					
	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0117067%	0.0111478%	0.0112375%	0.0105392%	0.0102851%
District's proportionate share of the net pension asset (liability)	(829,455)	(359,790)	\$ (1,055,900)	\$ (1,691,579)	\$ (347,455)
District's covered payroll	\$ 3,577,016	\$ 3,490,515	\$ 3,729,010	\$ 3,782,086	\$ 2,815,834
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	23%	10%	28%	45%	12%

See paragraph on other information included in auditor's report.

MARCELLUS 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

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget	\$ 35,503,851
Add prior year's encumbrances	<u>5,000</u>
Original budget	35,508,851
Budget revision:	<u>59,599</u>
Revised budget	<u><u>\$ 35,568,450</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 voter-approved expenditure budget maximum allowed (4% of 2019-20 budget)	\$ 37,620,342
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	1,355,478
Unassigned fund balance	<u>639,363</u>
Total unrestricted fund balance	<u>1,994,841</u>
Less:	
Appropriated fund balance	1,349,439
Encumbrances included in committed and assigned fund balance	<u>6,039</u>
Total adjustments	<u>1,355,478</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 639,363</u></u>
Actual percentage	1.70%

*Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [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.

See paragraph on other information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For the year ended June 30, 2019

PROJECT TITLE	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Methods of Financing			Fund Balance 06/30/2019	
			Prior Years	Current Year	Transfers	Total		Proceeds of Obligations	State Sources	Local Sources		Total
Bus Purchase 2014	\$ 615,512	\$ 615,512	\$ 615,512	\$ -	\$ -	\$ 615,512	\$ -	\$ -	\$ -	\$ 615,512	\$ 615,512	\$ -
Bus Purchase 2015	376,247	376,247	359,876	-	-	359,876	16,371	-	-	300,998	300,998	(58,878)
Bus Purchase 2016	478,313	478,313	459,820	-	-	459,820	18,493	-	-	286,988	286,988	(172,832)
Bus Purchase 2017	444,932	444,932	432,533	-	-	432,533	12,399	-	-	177,973	177,973	(254,560)
Bus Purchase 2018	262,074	262,074	261,601	-	-	261,601	473	-	-	52,418	52,418	(209,183)
Bus Purchase 2019	435,984	435,984	-	435,982	-	435,982	2	-	-	-	-	(435,982)
Renovation Project SHS Gymnasium Bleachers/ Middle School Sitework	14,274,858 400,000	17,533,482 400,000	10,667,518 -	5,688,319 300,743	93,458 -	16,449,295 300,743	1,084,187 99,257	17,182,850 -	- -	675,478 400,000	17,858,328 400,000	1,409,033 99,257
Total projects	<u>\$ 17,287,920</u>	<u>\$ 20,546,544</u>	<u>\$ 12,796,860</u>	<u>\$ 6,425,044</u>	<u>\$ 93,458</u>	<u>\$ 19,315,362</u>	<u>\$ 1,231,182</u>	<u>\$ 17,182,850</u>	<u>\$ -</u>	<u>\$ 2,509,367</u>	<u>\$ 19,692,217</u>	<u>\$ 376,855</u>

See paragraph on other information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Investment in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2019

Capital assets, net		\$ 49,284,234
Deduct:		
Bond anticipation notes payable	(1,179,177)	
Short-term portion of bonds payable	(2,803,293)	
Long-term portion of bonds payable	<u>(26,956,100)</u>	
		<u>(30,938,570)</u>
Net investment in capital assets		<u><u>\$ 18,345,664</u></u>

See paragraph on other information included in the auditor's report.