

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Campbell-Savona Central School District
Campbell, New York**

We have audited the accompanying financial statements of the governmental activities and each major fund of **Campbell-Savona Central School District** as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the **Campbell-Savona Central School District's** basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the **Campbell-Savona Central School District** as of June 30, 2017, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of **Campbell-Savona Central School District** as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-a-matter

As discussed in Note 4 to the financial statements, a prior period adjustment was necessary to adjust the capital assets and accumulated depreciation on the statement of net position due to a new fixed asset appraisal.

Report on Summarized Comparative Information

We have previously audited the **Campbell-Savona Central School District's** June 30, 2016 financial statements, and our report dated September 26, 2016, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund financial statement. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans on pages 3 through 9, 37 through 38, and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017 on our consideration of **Campbell-Savona Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Campbell-Savona Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 4, 2017**

I. Discussion and Analysis

The following is a discussion and analysis of the **Campbell-Savona Central School District's** financial performance for the year ended June 30, 2017. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the **Campbell-Savona Central School District** during the fiscal year ended June 30, 2017:

- Overall net position from operations of the District decreased during the current year in the amount of \$1,251,000 as compared to a decrease of \$880,000 during the prior fiscal year.
- The District's enrollment was 878 students as compared with 893 during the prior year.
- The District's total revenue increased 5% from \$22,306,000 during June 30, 2016 to \$23,359,000 during June 30, 2017. This increase was primarily the result of an increase in state aid.
- The District's total expenses increased 6% from \$23,186,000 during the year ended June 30, 2016 to \$24,610,000 during the year ended June 30, 2017. This increase was primarily related to a new actuarial study and change in actuarial assumptions for the Teachers' Retirement System net pension liability resulting in higher pension expense, along with increases in health insurance costs.
- The District's had capital outlays during the current year in the amount of \$1,420,000, which primarily related to the acquisition of school buses and costs associated with a \$10.9 million capital project.

III. Overview of the Financial Statements

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

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

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

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

1. Statement of Net Position

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

2. Statement of Activities

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

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

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

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

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

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

The District has two kinds of funds:

1. Governmental Funds

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

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

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

1. Governmental Funds (continued)

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

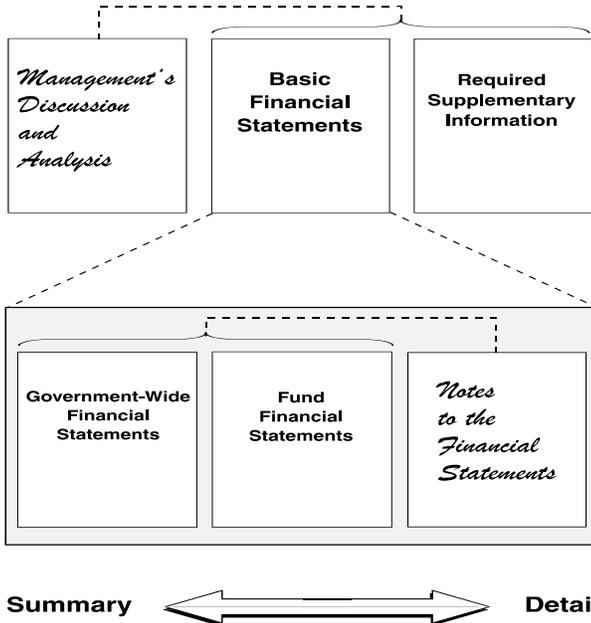
2. Fiduciary Funds

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

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

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

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



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

Governmental Activities

Revenue of the District's governmental activities increased approximately 5%, while total expenses increased 6%. The District's net position from operations decreased approximately \$1,251,000 during the fiscal year ended June 30, 2017.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$23,359,000 for the fiscal year ended June 30, 2017. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 22% of the District's total revenue for governmental activities. Tax revenue increased 1% in comparison with the prior year.
- The District's most significant revenue is state sources which represent \$16,022,000 or 68% of total governmental revenue. The District's state sources increased approximately 5% with that of the prior year. This increase was primarily related to an increase in basic aid received in the current year.
- During the year ended June 30, 2017, the District saw an increase in program revenue which mostly resulted from an increase in operating grants and contributions which increased \$123,000 as compared with the prior year revenue. This increase was primarily due increased funding of the full expanded universal pre-kindergarten program and the Title I funding.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$39,202,000. The components of net position include: net investment in capital assets of \$40,664,000; restricted net position of \$1,926,000; and unrestricted net position deficit of \$3,388,000 as of June 30, 2017.

Changes in Net Position

The District's total government-wide revenue increased by approximately 5% to \$23,359,000. Approximately 22%, 6% and 68% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 4% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District increased 6% to \$24,610,000. The District's expenses cover a range of services, with 74% related to instruction and 16% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$24,610,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$156,000 or 4% which was primarily related to a new actuarial study and change in assumptions for NYS Teachers Retirement System resulting in higher pension expense.
- The District's instruction costs increased approximately \$1,199,000 or 7% which was primarily the result of an increase in pension expense related to a new actuarial study and change in assumptions for NYS Teachers Retirement System, along with increases in health insurance costs due to higher premium rates.
- Debt service of the District increased approximately \$21,000 during the year ended June 30, 2017, which was primarily the result of an increase in interest expense.
- Transportation costs of the District increased 4% or \$60,000 during the year ended June 30, 2017. This increase was related to an increase pension expense, along with health insurance costs.
- The District's cost of sales (food service fund) totaled \$465,000 during the current year as compared to \$477,000 during the fiscal year ended June 30, 2016.
- The District received approximately \$1,587,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$ 23.0 million) were financed by real property taxes and state aid.

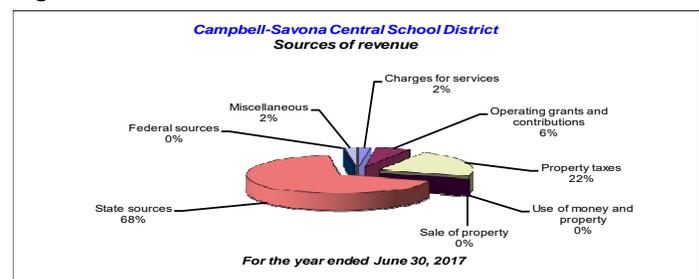
Figure A-3 – Condensed Statement of Net Position

<i>Campbell-Savona Central School District</i>			
<i>Condensed Statement of Net Position (in thousands of dollars)</i>			
	Governmental Activities and Total District-wide		
	2017	2016	% Change
Assets			
Current and other assets	\$ 13,505	\$ 9,458	43%
Capital assets	67,579	68,587	-1%
Total assets	81,084	78,045	4%
Deferred Outflows of Resources			
Deferred outflows related to pensions	4,369	1,594	174%
Deferred outflows of resources and assets	\$ 85,453	\$ 79,639	7%
Liabilities			
Other liabilities	\$ 9,676	\$ 1,096	783%
Long-term liabilities	36,311	36,842	-1%
Total liabilities	45,987	37,938	21%
Deferred Inflows of Resources			
Deferred inflows related to pensions	264	1,561	-83%
Deferred inflows of resources and liabilities	46,251	39,499	17%
Net Position			
Net investment in capital assets	40,664	47,546	-14%
Restricted	1,926	1,826	5%
Unrestricted (deficit)	(3,388)	(9,232)	-63%
Total net position	39,202	40,140	-2%
Total liabilities, deferred inflows of resources, and net position	\$ 85,453	\$ 79,639	7%

Figure A-4 – Changes in Net Position

<i>Campbell-Savona Central School District</i>			
<i>Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Governmental Activities and Total District-wide		
	2017	2016	% Change
Revenue			
Program revenue			
Charges for services	\$ 235	\$ 225	5%
Operating grants and contributions	1,352	1,229	10%
General revenue			
Real property taxes	5,049	5,002	1%
Use of money & property	89	87	2%
Sale of property & comp for loss	40	(46)	-188%
State sources	16,022	15,310	5%
Federal sources	97	92	5%
Miscellaneous	475	407	17%
Total revenue	23,359	22,306	5%
Expenses			
General support	4,016	3,860	4%
Instruction	18,244	17,045	7%
Transportation	1,434	1,374	4%
Debt service - interest	451	430	5%
Cost of sales	465	477	-3%
Total expenses	24,610	23,186	6%
Change in net position	\$ (1,251)	\$ (880)	

Figure A-5 – Sources of Revenue



**CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Figure A-6 - Expenses

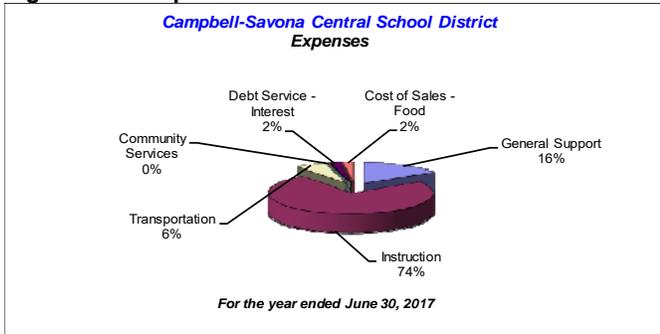


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District	
	2017	2016
Expenditures supported with general revenue (from taxes & other sources)	\$ 23,023 94%	\$ 21,732 94%
Expenditures supported with program revenue	1,587 6%	1,454 6%
Total expenditures related to governmental activities	\$ 24,610 100%	\$ 23,186 100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2017	2016	Change	2017	2016	Change
General support	\$ 4,016	\$ 3,860	\$ 156	\$ 4,016	\$ 3,860	\$ 156
Instruction	18,244	17,045	1,199	17,207	16,127	1,080
Transportation	1,434	1,374	60	1,434	1,374	60
Debt service - interest	451	430	21	451	430	21
Cost of sales - food	465	477	(12)	(85)	(59)	(26)
Total	\$ 24,610	\$ 23,186	\$ 1,424	\$ 23,023	\$ 21,732	\$ 1,291

V. Financial Analysis of the School District's Funds

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

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

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

General Fund

- The District's general fund revenue and other sources exceeded its expenditures and other uses by approximately \$401,000.
- The District's general fund unassigned fund balance equated to approximately \$1,324,000 as of June 30, 2017.
- The District maintained many fund balance reserves during the year ended June 30, 2017, and had a total restricted fund balance of approximately \$933,000.
- The District's total assets increased approximately \$395,000 as of June 30, 2017 due to an increase in cash which was partially offset by a decrease in due from other funds. The District's liabilities decreased approximately \$6,000.
- Total revenue in the District's general fund increased \$662,000, which was primarily related to an increase in state basic aid and increase in the tax levy.
- Total expenditures in the District's general fund decreased \$643,000 primarily as a result of a transfer to the capital project fund in the prior year.

Food Service Fund

- The District's food service fund experienced a \$71,000 increase in fund equity in the current year.
- Revenue in the food service fund was \$550,000 during 2017 as compared with \$536,000 in 2016. Expenditures decreased \$18,000.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$93,000 or 10% which was primarily related to increased funding of the full expanded universal pre-kindergarten program and an increase in Title I funding.

Capital Projects Fund

- The District had expenditures and other uses of approximately \$1,113,000 in capital projects during the year ended June 30, 2017, which was primarily related to the \$10.9 million capital project. The District also closed out some of its prior projects and transferred \$23,178 from the capital project fund to the debt service fund.

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$738,000 below the revised budget. The most significant positive variances were in the area of general support, instruction, and transportation were \$338,000, \$119,000, and \$149,000 respectively, below that budgeted. The District had a variance in the area of operating transfers in the amount of \$43,000 below that budgeted. On the other hand, resources available for appropriations were approximately \$399,000 above the final budgeted amount. The significant variance in revenue items consisted of State sources and local sources which were \$197,000 and \$165,000 respectively, above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Campbell-Savona Central School District</i>					
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>					
	Revised				
	Budget	Actual	Difference	%	
Revenue					
Local sources	\$ 5,458	\$ 5,623	\$ 165	3%	
State sources	15,825	16,022	197	1%	
Federal sources	60	97	37	62%	
Other sources	-	-	-	n/a	
Total revenue	\$ 21,343	\$ 21,742	\$ 399	2%	
Expenditures					
General support	\$ 3,319	\$ 2,981	\$ 338	10%	
Instruction	9,547	9,428	119	1%	
Transportation	1,134	985	149	13%	
Employee benefits	4,468	4,371	97	2%	
Debt service	3,450	3,458	(8)	0%	
Operating transfers	160	117	43	0%	
Total expenditures	\$ 22,078	\$ 21,340	\$ 738	3%	

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2017, the District had invested approximately \$67,579,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2017, totaled approximately \$1,420,000 and consisted primarily of costs related to the voter approved \$10.9 million capital project, along with the acquisition of school buses. More detailed information about the District's capital assets is presented in the notes of the financial statements.

**VII. Capital Assets and Debt Administration
(continued)**

Long-term Debt

As depicted in Figure A-11, as of June 30, 2017, the District had approximately \$36,311,000 in bonds, net pension liability, compensated absences and other post-employment benefits, a decrease of approximately 1% as compared with the previous year. The decrease in bonds payable was the result of the District making regular principle payments. The decrease in compensated absences was the result of employees retiring in the current year. The increase in the post-employment benefit liability is the result of recording one year's worth of amortization of the District's unfunded actuarial accrued liability in accordance with GASB 45. With regards to the pension liability, during the current year the ERS liability decreased, while the TRS went from a net pension asset in the prior year to a net pension liability in the current year.

Figure A-10 – Capital Assets

<i>Campbell-Savona Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2017	2016	Change
Land	\$ 436,035	\$ 436,035	0%
Buildings	100,246,275	100,246,275	0%
Construction in progress	1,334,649	244,715	445%
Equipment	3,343,690	3,478,285	-4%
Accumulated depreciation	(37,781,206)	(35,818,290)	5%
Total Capital Assets, net	\$ 67,579,443	\$ 68,587,020	-1%

Figure A-11 – Outstanding Long-term Debt

<i>Campbell-Savona Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2017	2016	Change
Bonds payable	\$ 18,915,530	\$ 21,919,338	-14%
Net pension liabilities - TRS & ERS	907,068	849,354	7%
Other post-employment benefits	16,273,996	13,844,580	18%
Compensated absences	214,693	228,413	-6%
Total Long-Term Debt	\$ 36,311,287	\$ 36,841,685	-1%

VIII. Factors Bearing on the District's Future

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

- The District is monitoring the health of the state's economy closely and waiting to see what the projections are for the funding of public education. The District receives a majority of its funding from state sources, so a reduction in state aid would have serious consequences for the District.

IX. Contacting the District's Financial Management

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

Campbell-Savona Central School District
Attention: Mr. Jason Rosno
Director of Management Services
8455 County Route #125
Campbell, New York 14821

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

Schedule 1

Page 10

	2017	2016
Assets		
Cash		
Unrestricted	\$ 1,648,843	\$ 1,236,004
Restricted	1,925,980	1,826,655
Receivables		
State and federal aid	485,920	554,151
Other receivables	6,536	6,094
Due from other governments	924,996	866,014
Due from fiduciary funds	25	89
Inventories	24,835	25,249
Net pension asset - NYS Teachers' Retirement System	-	4,065,055
Cash to be used for capital assets	8,487,623	878,897
Capital assets, net	67,579,443	68,587,020
Total assets	<u>81,084,201</u>	<u>78,045,228</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,368,938	1,594,230
Total assets and deferred outflows of resources	<u>\$ 85,453,139</u>	<u>\$ 79,639,458</u>
Liabilities		
Current liabilities		
Accounts payable & retainage payable	\$ 790,338	\$ 121,651
Accrued liabilities	22,719	18,274
Accrued interest	17,000	20,000
Due to other governments	331	9,526
Due to retirement systems	826,361	908,171
Unearned revenue	19,499	18,402
Bond anticipation notes payable	8,000,000	-
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	2,260,000	2,965,000
Portion due or payable after one year		
Bonds payable	16,655,530	18,954,338
Net pension liability - NYS Employees' Retirement System	497,180	849,354
Net pension liability - NYS Teachers' Retirement System	409,888	-
Other post-employment benefits	16,273,996	13,844,580
Compensated absences	214,693	228,413
Total liabilities	<u>45,987,535</u>	<u>37,937,709</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	264,024	1,561,258
Total liabilities and deferred inflows of resources	<u>46,251,559</u>	<u>39,498,967</u>
Net Position		
Net investment in capital assets	40,663,913	47,546,146
Restricted	1,925,980	1,826,655
Unrestricted (deficit)	(3,388,313)	(9,232,310)
Total net position	<u>39,201,580</u>	<u>40,140,491</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 85,453,139</u>	<u>\$ 79,639,458</u>

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

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2017	2016
			Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 3,472,971	\$ 543,253	\$ -	\$ -	\$ (4,016,224)	\$ (3,860,269)
Instruction	16,470,090	1,773,854	42,966	994,426	(17,206,552)	(16,126,631)
Pupil transportation	1,013,629	420,820	-	-	(1,434,449)	(1,373,781)
Debt service	451,269	-	-	-	(451,269)	(430,457)
Food service program	464,602	-	192,353	357,315	85,066	58,861
Depreciation	2,737,927	(2,737,927)	-	-	-	-
Total functions and programs	<u>\$ 24,610,488</u>	<u>\$ -</u>	<u>\$ 235,319</u>	<u>\$ 1,351,741</u>	<u>(23,023,428)</u>	<u>(21,732,277)</u>
General Revenues						
Real property taxes					5,048,636	5,002,234
Use of money and property					89,141	87,033
Sale of property and compensation for loss					40,090	(45,682)
Miscellaneous					475,390	406,072
State sources					16,021,577	15,310,474
Federal sources					97,388	92,457
Total general revenues					<u>21,772,222</u>	<u>20,852,588</u>
Change in net position					(1,251,206)	(879,689)
Net position - beginning of year					40,140,491	41,020,180
Prior period adjustment					312,295	-
Net position - end of year					<u>\$ 39,201,580</u>	<u>\$ 40,140,491</u>

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2017

Schedule 3

Page 12

	Governmental Funds					2017	2016
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 1,313,731	\$ 98,369	\$ 311,424	\$ -	\$ 8,487,623	\$ 10,211,147	\$ 2,115,334
Restricted cash	933,353	-	-	917,946	-	1,851,299	1,826,222
Due from other funds	310,334	-	-	74,681	-	385,015	516,905
State and federal aid receivable	267,746	198,900	19,274	-	-	485,920	554,151
Other receivables	-	-	6,536	-	-	6,536	6,094
Due from other governments	900,958	24,038	-	-	-	924,996	866,014
Inventories	-	-	24,835	-	-	24,835	25,249
Total assets	<u>\$ 3,726,122</u>	<u>\$ 321,307</u>	<u>\$ 362,069</u>	<u>\$ 992,627</u>	<u>\$ 8,487,623</u>	<u>\$ 13,889,748</u>	<u>\$ 5,909,969</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 206,639	\$ 2,841	\$ 3,538	\$ -	\$ 577,320	\$ 790,338	\$ 121,651
Accrued liabilities	20,696	-	2,023	-	-	22,719	18,274
Bond anticipation notes payable	-	-	-	-	8,000,000	8,000,000	-
Due to other funds	-	304,794	5,515	-	74,681	384,990	516,816
Unearned revenue	400	13,672	5,427	-	-	19,499	18,402
Due to other governments	-	-	331	-	-	331	9,526
Due to Teachers' Retirement System	771,190	-	-	-	-	771,190	854,411
Due to Employees' Retirement System	55,171	-	-	-	-	55,171	53,760
Total liabilities	<u>1,054,096</u>	<u>321,307</u>	<u>16,834</u>	<u>-</u>	<u>8,652,001</u>	<u>10,044,238</u>	<u>1,592,840</u>
Fund Equity							
Nonspendable	-	-	24,835	-	-	24,835	25,249
Restricted	933,353	-	-	992,627	-	1,925,980	1,826,655
Assigned	414,725	-	320,400	-	-	735,125	1,638,897
Unassigned (deficit)	1,323,948	-	-	-	(164,378)	1,159,570	826,328
Total fund equity (deficit)	<u>2,672,026</u>	<u>-</u>	<u>345,235</u>	<u>992,627</u>	<u>(164,378)</u>	<u>3,845,510</u>	<u>4,317,129</u>
Total liabilities and fund equity	<u>\$ 3,726,122</u>	<u>\$ 321,307</u>	<u>\$ 362,069</u>	<u>\$ 992,627</u>	<u>\$ 8,487,623</u>	<u>\$ 13,889,748</u>	<u>\$ 5,909,969</u>

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 4

Page 13

	Governmental Funds					2017	2016
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 5,048,636	\$ -	\$ -	\$ -	\$ -	\$ 5,048,636	\$ 5,002,234
Charges for services	42,966	-	-	-	-	42,966	26,514
Use of money and property	87,900	-	166	1,241	-	89,307	87,141
Sale of property compensation for loss	42,058	-	-	-	-	42,058	1,935
Miscellaneous	401,228	-	66,232	-	-	467,460	469,543
State sources	16,021,577	433,023	11,116	-	-	16,465,716	15,688,862
Federal sources	97,388	561,403	313,516	-	-	972,307	910,660
Surplus food	-	-	32,683	-	-	32,683	32,232
Sales (school food service)	-	-	125,955	-	-	125,955	135,201
Total revenue	21,741,753	994,426	549,668	1,241	-	23,287,088	22,354,322
Expenditures							
General support	2,980,888	-	132,580	-	-	3,113,468	3,180,560
Instruction	9,427,956	738,279	-	-	-	10,166,235	10,067,729
Pupil transportation	984,855	30,720	-	-	-	1,015,575	1,015,139
Employee benefits	4,370,990	272,876	59,012	-	-	4,702,878	4,303,078
Debt service							
Principal	2,965,000	-	-	-	-	2,965,000	2,845,000
Interest	493,077	-	-	-	-	493,077	475,949
Capital outlay	-	-	-	-	1,089,934	1,089,934	360,825
Cost of sales	-	-	193,730	-	-	193,730	196,995
Other expenses	-	-	92,972	-	-	92,972	96,593
Total expenditures	21,222,766	1,041,875	478,294	-	1,089,934	23,832,869	22,541,868
Excess (deficiency) of revenue over expenditures	518,987	(47,449)	71,374	1,241	(1,089,934)	(545,781)	(187,546)
Other sources and uses							
BANs redeemed from appropriations	-	-	-	-	-	-	865,000
Premium received on BAN issuance	-	-	-	74,162	-	74,162	25,723
Issuance of serial bonds	-	-	-	-	-	-	14,505,000
Operating transfers in	-	47,449	-	23,178	70,270	140,897	1,503,891
Operating transfers out	(117,719)	-	-	-	(23,178)	(140,897)	(1,503,891)
Total other sources (uses)	(117,719)	47,449	-	97,340	47,092	74,162	15,395,723
Excess (deficiency) of revenue and other sources over expenditures and other uses	401,268	-	71,374	98,581	(1,042,842)	(471,619)	15,208,177
Fund equity (deficit), beginning of year	2,270,758	-	273,861	894,046	878,464	4,317,129	(10,891,048)
Fund equity (deficit), end of year	\$ 2,672,026	\$ -	\$ 345,235	\$ 992,627	\$ (164,378)	\$ 3,845,510	\$ 4,317,129

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
AS OF JUNE 30, 2017

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2017	(Memo only) Total 6/30/2016
Assets				
Cash	\$ 87,139	\$ 87,870	\$ 175,009	\$ 182,979
Accounts receivable	-	-	-	229
Total assets	\$ 87,139	\$ 87,870	\$ 175,009	\$ 183,208
Liabilities				
Accrued liabilities	\$ -	\$ 42,717	\$ 42,717	\$ 45,460
Due to other funds	-	25	25	89
Student extraclassroom activity funds	-	45,128	45,128	43,700
Total liabilities	-	87,870	87,870	89,249
Net Position				
Reserved for scholarships	87,139	-	87,139	93,959
Total liabilities and net position	\$ 87,139	\$ 87,870	\$ 175,009	\$ 183,208

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 6
Page 15

	6/30/2017	(Memo only) 6/30/2016
Additions		
Gifts and contributions	\$ 2,900	\$ 26,567
Interest earnings	82	109
Total additions	2,982	26,676
Deductions		
Scholarships awarded	9,802	8,803
Change in net position	(6,820)	17,873
Net position - beginning of year	93,959	76,086
Net position - end of year	\$ 87,139	\$ 93,959

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

Total fund balances - governmental funds \$ 3,845,510

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

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

Cost of the assets	\$ 105,360,649	
Accumulated depreciation	<u>(37,781,206)</u>	67,579,443

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(17,000)
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Deferred inflows and outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		4,104,914
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(18,915,530)	
Net pension liability - ERS	(497,180)	
Net pension liability - TRS	(409,888)	
Other post-employment benefits	(16,273,996)	
Compensated absences	<u>(214,693)</u>	<u>(36,311,287)</u>

Total net position - governmental activities \$ 39,201,580

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 12,062,446	\$ -	\$ -	\$ -	\$ 12,062,446
Due from other funds	385,015	-	-	(384,990)	25
State and federal aid receivable	485,920	-	-	-	485,920
Other receivables	6,536	-	-	-	6,536
Due from other governments	924,996	-	-	-	924,996
Inventories	24,835	-	-	-	24,835
Capital assets, net	-	67,579,443	-	-	67,579,443
Total assets	13,889,748	67,579,443	-	(384,990)	81,084,201
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,368,938	-	-	4,368,938
Total assets and deferred outflows of resources	\$ 13,889,748	\$ 71,948,381	\$ -	\$ (384,990)	\$ 85,453,139
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 790,338	\$ -	\$ -	\$ -	\$ 790,338
Accrued liabilities	22,719	-	-	-	22,719
Accrued interest	-	-	17,000	-	17,000
Due to other funds	384,990	-	-	(384,990)	-
Unearned revenue	19,499	-	-	-	19,499
Due to other governments	331	-	-	-	331
Due to retirement systems	826,361	-	-	-	826,361
Bond anticipation notes payable	8,000,000	-	-	-	8,000,000
Bonds payable	-	-	18,915,530	-	18,915,530
Net pension liability - ERS	-	497,180	-	-	497,180
Net pension liability - TRS	-	409,888	-	-	409,888
Other post-employment benefits	-	-	16,273,996	-	16,273,996
Compensated absences	-	-	214,693	-	214,693
Total liabilities	10,044,238	907,068	35,421,219	(384,990)	45,987,535
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	264,024	-	-	264,024
Total liabilities and deferred inflows of resources	10,044,238	1,171,092	35,421,219	(384,990)	46,251,559
Fund equity and net position					
	3,845,510	70,777,289	(35,421,219)	-	39,201,580
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 13,889,748	\$ 71,948,381	\$ -	\$ (384,990)	\$ 85,453,139

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds \$ (471,619)

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

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

Capital outlays	\$ 1,420,023	
Depreciation expense	<u>(2,737,927)</u>	(1,317,904)

Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported. (1,968)

Repayment of bond principal and capital lease principal, including refunding, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,965,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 41,808

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts from changes in proportion are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans. (50,827)

In the statement of activities, compensated absences, special termination benefits and judgments and claims - are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The following provides the differences of these items as presented in the governmental activities:

Compensated absences	13,720	
Other post-employment benefits	<u>(2,429,416)</u>	<u>(2,415,696)</u>

Change in net position of governmental activities \$ (1,251,206)

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 5,048,636	\$ -	\$ -	\$ -	\$ 5,048,636
Charges for services	42,966	-	-	(42,966)	-
Use of money and property	89,307	-	-	(166)	89,141
Sale of property compensation for loss	42,058	(1,968)	-	-	40,090
Miscellaneous	467,460	-	-	7,930	475,390
State sources	16,465,716	-	-	(444,139)	16,021,577
Federal sources	972,307	-	-	(874,919)	97,388
Surplus food	32,683	-	-	(32,683)	-
Sales (school food service)	125,955	-	-	(125,955)	-
Total revenue	23,287,088	(1,968)	-	(1,512,898)	21,772,222
Expenditures					
General support	3,113,468	543,253	-	359,503	4,016,224
Instruction	10,166,235	1,773,854	2,415,696	2,850,767	17,206,552
Pupil transportation	1,015,575	104,423	-	314,451	1,434,449
Employee benefits	4,702,878	-	50,827	(4,753,705)	-
Debt service	3,458,077	-	(3,006,808)	-	451,269
Capital outlay	1,089,934	(1,089,934)	-	-	-
Cost of sales	193,730	-	-	(278,796)	(85,066)
Other expenses	92,972	(13,692)	-	(79,280)	-
Total expenditures	23,832,869	1,317,904	(540,285)	(1,587,060)	23,023,428
Excess (deficiency) of revenue over expenditures	(545,781)	(1,319,872)	540,285	74,162	(1,251,206)
Other sources and uses					
Premiums received on bond issuance	74,162	-	-	(74,162)	-
Operating transfers in	140,897	-	-	(140,897)	-
Operating transfers out	(140,897)	-	-	140,897	-
Total other sources (uses)	74,162	-	-	(74,162)	-
Net change for year	\$ (471,619)	\$ (1,319,872)	\$ 540,285	\$ -	\$ (1,251,206)

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

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

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

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the **Campbell-Savona Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are included as supplementary information to these audited financial statements, located on pages 60-63 of this report.

B. Joint Venture

The **Campbell-Savona Central School District** is a component of the Supervisory District of the Steuben and Allegany Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed \$4,041,000 for BOCES administration and program costs. The District's share of BOCES aid, rentals and refunds amounted to \$1,987,000 the year ended June 30, 2017. Financial statements for the Steuben and Allegany Counties BOCES are available at the BOCES administrative offices.

C. Basis of Presentation

1. District-wide Statements

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

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Page 19

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

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

D. Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	15-50 years
Machinery and equipment	\$ 5,000	Straight-line	5-25 years

I. Due To/From Other Funds

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

J. Compensated Absences

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. The district has recorded an estimated liability in the District-wide financial statement amounting to \$214,693. Payment of these benefits is dependent on many factor; therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds.

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Unearned Revenue

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

L. Deferred Inflows and Outflows 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 two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

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

A. Nonspendable

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

1. Inventory Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

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

1. Liability Reserve

This reserve is used to reserve funds for unsettled claims or suits. This reserve may be established by a majority vote of the board of education.

2. Reserve for Employee Benefits

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

3. Employee Retirement Contribution Reserve

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

4. Capital Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

5. Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. The reserve is accounted for in the General Fund.

6. Debt Service Reserve

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

7. Tax Certiorari Reserve

Tax Certiorari Reserve is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned

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

1. Reserve for Insurance Recoveries

This reserve contains the difference between the insurance recovery received for the destruction of District property and the cost of replacement. As of June 30, 2017, this reserve totaled \$50,080.

2. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Fund and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund equity since they do not constitute expenditures or liabilities. Reserve for encumbrances totaled \$39,645 as of June 30, 2017.

3. Appropriated Fund Equity

General Fund - The amount of \$325,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2018 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

2. Government-wide financial statements

A. Invested in Capital Assets, Net of Related Debt

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

B. Restricted

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

C. Unrestricted

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

3. Order of Fund Balance Spending Policy

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the fiscal year ended June 30, 2017.

2. Budget Basis for Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting (continued)

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

P. Property Taxes

1. Calendar

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

2. Enforcement

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

Q. Interfund Transfers

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

R. Deferred Compensation Plan

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

S. Estimates

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

**CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

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

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

3. Long-term Debt Transaction Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

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

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

A. Deposits

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

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

Total financial institution (bank) balances at June 30, 2017 per the bank were approximately \$12,923,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Value</u>
\$ 254,000	\$ 12,669,000	\$ 12,923,000

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

I. Cash (continued)

A. Deposits (continued)

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2017, the District's bank deposits were fully collateralized.

II. Interfund Transactions

Interfund balances as of June 30, 2017 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 310,334	\$ -
Special Aid Fund	-	304,794
Debt Service Fund	74,681	-
Capital Fund	-	74,681
School Lunch Fund	-	5,515
Fiduciary Funds	-	25
Total	<u>\$ 385,015</u>	<u>\$ 385,015</u>

Interfund transfers during the fiscal year ended June 30, 2017 were as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expense</u>
Special Aid Fund	\$ 47,449	\$ -
Capital Project Fund	70,270	23,178
Debt Service Fund	23,178	-
General Fund	-	117,719
Total	<u>\$ 140,897</u>	<u>\$ 140,897</u>

During the current year ended June 30, 2017, the District transferred \$47,449 from the General Fund to the Special Aid Fund to cover the local portion of the summer school grant. The District transferred \$23,178 from the Capital Project Fund to the Debt Service Fund to close out finished capital projects. Lastly, the District transferred \$70,270 from the General Fund to the Capital Project Fund related to the capital outlay project.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

III. Receivables

Receivables at June 30, 2017 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Aid	State and Federal Aid	\$ 198,900
Special Aid	Due from Other Governments	24,038
Food Service	State and Federal Aid	19,274
Food Service	Other Receivables	6,536
General	State and Federal Aid	267,746
General	Due from Other Governments	900,958
		<u>\$ 1,417,452</u>

IV. Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance 06/30/16</u>	<u>Net Additions (Disposals)</u>	<u>Ending Balance 06/30/17</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 436,035	\$ -	\$ 436,035
Construction-in-progress	244,715	1,089,934	1,334,649
Capital assets that are depreciated:			
Buildings and improvements	100,246,275	-	100,246,275
Machinery and equipment	3,478,285	(134,595)	3,343,690
Total depreciable historical cost	<u>104,405,310</u>	<u>\$ 955,339</u>	<u>105,360,649</u>
Less accumulated depreciation:			
Buildings and improvements	33,977,564	2,172,759	36,150,323
Furniture and equipment	1,840,726	(209,843)	1,630,883
Total accumulated depreciation	<u>35,818,290</u>	<u>\$ 1,962,916</u>	<u>37,781,206</u>
Total net book value	<u>\$68,587,020</u>		<u>\$67,579,443</u>

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

IV. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General support	\$ 543,253
Instruction	1,773,854
Pupil transportation	420,820
	<u>\$ 2,737,927</u>

During the fiscal year ended June 30, 2017 the District had capital additions in the amount of \$1,420,023.

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided
(continued)

b. Employees' Retirement System (ERS)

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

2. Contributions

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

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

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

	ERS	TRS
2017	\$ 215,000	\$ 704,000
2016	\$ 238,000	\$ 783,000
2015	\$ 272,000	\$ 1,031,000

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

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

At June 30, 2017, 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 March 31, 2017 for ERS and June 30, 2016 for TRS. 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 ERS and TRS Systems in reports provided to the District.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 12,459	\$ -	\$ 75,500	\$ 133,154
Changes of assumptions	169,855	2,334,981	-	-
Net difference between projected and actual earnings on pension plan investments	99,307	921,643	-	-
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	20,912	50,867	18	55,352
District's contributions subsequent to the measurement date	55,171	703,743	-	-
Total	\$ 357,704	\$ 4,011,234	\$ 75,518	\$ 188,506

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

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

Actuarial valuation date	ERS 3/31/17	TRS 6/30/16
Net pension liability	\$ 497,180	\$ 409,888
District's portion of the Plan's total net pension liability	.0052913%	.038270%

For the year ended June 30, 2017, the District's recognized pension expense of \$292,696 for ERS and \$678,596 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	ERS		TRS	
Year ended:				
2018	\$	157,177	\$	989,431
2019		102,006		285,688
2020		88,532		1,001,462
2021		(65,329)		778,764
2022 and thereafter		-		767,383

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/17	6/30/16
Actuarial valuation date	4/1/16	6/30/15
Interest rate	7%	7.5%
Salary scale	3.8% average	1.90% - 4.72%
	4/1/10 – 3/31/15	7/1/09 – 6/30/14
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.5%	2.5%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

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

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

Measurement date	ERS 3/31/17	Expected Rate of Return	TRS 6/30/16	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	37%	6.10%
International Equity	14%	6.35%	18%	7.30%
Private Equity	10%	7.75%	7%	-%
Real Estate	10%	5.80%	10%	5.40%
Absolute return strategies	2%	4.00%	-%	-%
Opportunistic portfolio	3%	5.89%	-%	-%
Real Assets	3%	5.54%	-%	-%
Domestic fixed income securities	-%	-%	17%	1.00%
Global fixed income securities	-%	-%	2%	0.80%
Bonds and Mortgages	17%	1.31%	8%	3.10%
Cash and Short-term	1%	(.25%)	1%	0.10%
Inflation-indexed bond funds	4%	1.50%	-%	-%
Total:	<u>100%</u>		<u>100%</u>	

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. 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% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (6% for ERS and 6.5% for TRS) or 1-percentage point higher (8% for ERS and 8.5% for TRS) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
ERS			
Employer's proportionate share of the net pension (asset) liability	\$ 1,587,895	\$ 497,180	\$ (425,017)

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

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

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
TRS			
Employer's proportionate share of the net pension (asset) liability	\$ 5,347,915	\$ 409,888	\$ (3,731,871)

7. Pension Plan Fiduciary Net Position

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

Valuation date	(Dollars in Thousands)	
	ERS 3/31/17	TRS 6/30/16
Employers' total pension liability	\$ 177,400,586	\$ 108,577,184
Plan net position	\$ 168,004,363	\$ 107,506,142
Employers' net pension liability	\$ 9,396,223	\$ 1,071,042
Ratio of plan net position to be Employers' total pension liability	94.7%	99.0%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$55,171.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$771,190 (employer contribution \$703,743 and employee contributions of \$67,447).

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits

1. Plan Description

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

2. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with no current funding of actuarially determined liabilities.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

3. Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the District (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize unfunded actuarial liabilities not to exceed thirty years.

The following table summarizes the District's annual OPEB cost for 2017, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Normal Cost	\$ 1,644,026
Amortization of unfunded actuarial accrued liability	2,605,799
Interest adjustment	553,783
Annual required contribution adjustment	<u>(800,633)</u>
Annual OPEB cost (expense)	4,002,975
Contributions made	<u>(1,573,559)</u>
Increase in net OPEB obligation	2,429,416
Net OPEB obligation - beginning of year	<u>13,844,580</u>
Net OPEB obligation - end of year	<u>\$ 16,273,996</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016 and 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	\$ 4,002,975	39.3%	\$ 16,273,996
6/30/16	\$ 4,272,300	39.9%	\$ 13,844,580
6/30/15	\$ 4,156,744	40.2%	\$ 11,277,825

4. Funding Status and Funding Progress

As of June 30, 2017, the actuarial accrued liability for benefits was \$46,900,949, all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was \$7,830,000 and the ratio of unfunded actuarial liability to the covered payroll was 599.0%.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

4. Funding Status and Funding Progress
(continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual ARC of the District are subject to continual revision as actual results compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

5. Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the Plan as understood by the District and Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Valuation assumptions are as follows:

Measurement Date – July 1, 2016.

Discount rate – Four percent (4%) per year compounded annually.

Mortality – Life expectancies were based on the sex-distinct RP-2014 Mortality Table with projected mortality improvements using the mortality improvement scale MP-2016 on a generational basis.

Withdrawal from service – Withdrawal from service follows the Ultimate Turnover Rates from the Vaughn Table.

Medicare – Medicare is expected to continue to cover the same portion of costs

Marital status – 70% of the employees are assumed married, with male spouses assumed to be three years older than female spouses. Actual spouse coverage information was used where available.

Opt out rates – Current retirees were assumed to elect continued participation in their current plans.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

5. Actuarial Methods and Assumptions
(continued)

Healthcare cost trend factors – Medical care costs, including Medicare Part B, are assumed to increase by rates ranging from 9% to 7% per year. Dental care costs are assumed to increase 3.5% per year.

Retirement rates – Employees are assumed to retire in accordance with the New York State Retirement System rates.

Net annual experience-rated claims cost – Net annual experience-rated claims costs for the Steuben Area Schools Employee Benefit Fund, Plan C, were developed based on the past three years' historical claims.

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. On June 29, 2017, the District issued bond anticipation notes in the amount of \$8,000,000 which has an interest rate of 2.25%. The bond anticipation notes will mature on June 29, 2018. Proceeds were utilized to fund costs associated with the District's capital project.

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

b. Short-Term Debt Interest

The District had no interest on short-term debt for the year ended June 30, 2017.

2. Long-Term Debt

a. Debt Limit

At June 30, 2017, the total indebtedness represents approximately 68% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of net position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2017 and 2016 are as follows:

	Balance June 30, 2017	Balance June 30, 2016	Amounts Due Within One Year
13 Refunded bonds	\$ 371,985	\$ 1,107,652	\$ 365,000
04 Serial bonds	30,000	55,000	30,000
07 Serial bonds	-	390,000	-
12 Serial bonds	4,370,000	4,750,000	390,000
12 Refunded bonds	550,974	1,085,963	530,000
16 Serial bonds	13,592,571	14,530,723	945,000
OPEB liability	16,273,996	13,844,580	-
Net pension liabilities			
TRS	409,888	-	-
ERS	497,180	849,354	-
Compensated absences	214,693	228,413	-
	<u>\$36,311,287</u>	<u>\$36,841,685</u>	<u>\$ 2,260,000</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

During the year, the District made principal payments on its serial bonds in the amount of \$2,965,000. The net change in compensated absences was a decrease of \$13,720 during the fiscal year ended June 30, 2017. During the current year, post-employment benefits liability increased in the amount of \$2,429,416. Lastly, the District's proportionate share of NYSERS net pension liability – ERS decreased by \$352,174 during the current year, while the TRS went from having a net pension asset in the prior year to a net pension liability in the amount of \$497,180 in the current year.

d. Maturity

1. The following is a summary of serial bonds indebtedness:

Description of Issue	Outstanding at June 30, 2017
Serial Bonds, issued in 2004 with a maturity date of 2018, bonds carry interest at 4.80%. Proceeds used to fund additions and reconstruction projects.	\$ 30,000
Serial Bonds, issued in 2012 with a maturity date of 2027, bonds carry interest at a rate of 2.000%. Proceeds used to fund reconstruction projects.	4,370,000
Serial Bonds, issued in 2012 with a maturity date of 2018, bonds carry interest rate at 2.000%. Proceeds used to refund previously issued serial bonds. Plus: unamortized bond premiums.	530,000 20,974
Serial Bonds, issued in 2013 with a maturity date of 2018, bonds carry interest rate at 3.50% to 3.75%. Proceeds used to refund previously issued serial bonds. Plus: unamortized bond premiums.	365,000 6,985
Serial Bonds, issued in 2017 with maturity date of 2030, bonds carry interest at a rate ranging from 2.00% to 3.00%. Plus: unamortized and premiums.	13,570,000 22,571
Total serial bonds	<u>\$ 18,915,530</u>

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

1. The following is a summary of maturing debt service requirements for serial bonds and retirees' health insurance:

Year	Serial Bonds – 2004	
	Principal	Interest
2018	\$ 30,000	\$ 1,440
Total	\$ 30,000	\$ 1,440

Year	Serial Bonds – 2012	
	Principal	Interest
2018	\$ 390,000	\$ 97,330
2019	395,000	89,530
2020	405,000	81,630
2021	415,000	73,530
2022	425,000	65,230
2023-2027	2,340,000	177,090
Total	\$ 4,370,000	\$ 584,340

Year	Serial Bonds – 2012 – Refunded	
	Principal	Interest
2018	\$ 530,000	\$ 11,925
Total	\$ 530,000	\$ 11,925

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Serial Bonds – 2013 Refunded	
	Principal	Interest
2018	\$ 365,000	\$ 10,950
Total	\$ 365,000	\$ 10,950

Year	Serial Bonds – 2016	
	Principal	Interest
2018	\$ 945,000	\$ 291,769
2019	955,000	272,869
2020	965,000	253,769
2021	980,000	234,469
2022	995,000	214,869
2023-2027	5,265,000	768,744
2028-2030	3,465,000	186,825
Total	\$ 13,570,000	\$ 2,223,314

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$493,077 for the year ended June 30, 2017.

f. Premiums, Debt Issuance Costs and Amortization

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

3. Refunding of Long-Term Debt

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

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Fund	Reservation Purposes	Balance June 30, 2017
Nonspendable:		
Food Service	Inventory	\$ 24,835
Restricted:		
General	Reserve for employee benefits	\$ 205,562
	Reserve for unemployment insurance	116,053
	Reserve for retirement system credits	378,204
	Reserve for tax certiorari	119,924
	Reserve for workers' compensation	93,289
	Reserve for capital	20,321
		<u>\$ 933,353</u>
Debt Service	Reserve for debt service	<u>\$ 992,627</u>
Fiduciary	Reserve for endowment scholarships	<u>\$ 87,139</u>
Assigned:		
General	Appropriated fund balance	\$ 325,000
	Reserve for insurance recoveries	50,080
	Reserve for encumbrances	39,645
		<u>\$ 414,725</u>
Food Service	Fund Equity	<u>\$ 320,400</u>

B. District-wide Net Position

Net Position of the District include restricted Net Position of \$1,925,980 which represent restricted amounts in the general and debt service funds as presented above.

C. Accumulated Deficits

The District's capital project fund had an accumulated deficit in the amount of \$164,378 as of June 30, 2017. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health coverage, **Campbell-Savona Central School District** is a participant in the Steuben Area Schools Plan, a public entity risk pool operated for the benefit of 7 individual school districts. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$250,000 per insured event. The Steuben Area Schools Plan obtains independent coverage for insured events in excess of this amount.

The District has a self-insured plan for dental coverage. The plan is administered by a third party administrator who pays the claims directly. The District then reimburses the third party administrator for the exact amount of claims paid.

The **Campbell-Savona Central School District** has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees.

**CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
 (CONTINUED)**

VII. Commitments and Contingencies (continued)

B. Federal and State Grants

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

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$152,000 as of June 30, 2017 for accumulating non-vesting sick leave.

D. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

VIII. Tax Abatements

The Steuben County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with various corporations in the Campbell-Savona Central School District's tax jurisdiction for the purpose of economic development. The terms and amounts of tax abated in the current year are as follow:

<u>Corporation</u>	<u>Term</u>	<u>Tax abated during the year ended June 30, 2017</u>
Corporation A	12/31/2001-12/31/2021	\$ 10,758
Corporation B	02/01/2011-05/31/2033	101,931
		<u>112,689</u>

NOTE 4 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2017 the District had a new independent appraisal on fixed assets resulting in a prior period adjustment. The effect of this prior period adjustment was a net increase to beginning governmental net position in the amount of \$312,295.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 4, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 4,814,182	\$ 4,814,182	\$ 4,812,438	\$ (1,744)
Real property tax items	215,000	215,000	236,198	21,198
Charges for services	21,500	21,500	42,966	21,466
Use of money and property	52,000	52,000	87,900	35,900
Sale of property and compensation for loss	5,000	5,000	42,058	37,058
Miscellaneous	350,000	350,000	401,228	51,228
State Sources:				
Basic formula	14,100,000	14,100,000	14,342,904	242,904
BOCES	1,650,000	1,650,000	1,602,098	(47,902)
Textbooks	44,400	44,400	47,241	2,841
All other aid	30,600	30,600	29,334	(1,266)
Federal Sources:				
Medicaid reimbursement	60,000	60,000	97,388	37,388
Total revenue	21,342,682	21,342,682	21,741,753	399,071
Other Sources				
Operating transfer in	-	-	-	-
Total revenue and other sources	21,342,682	21,342,682	<u>\$ 21,741,753</u>	<u>\$ 399,071</u>
Appropriated fund equity	694,316	735,359		
Total revenue, other sources and appropriated fund equity	<u>\$ 22,036,998</u>	<u>\$ 22,078,041</u>		

Expenditures	Original Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
General Support:					
Board of education	\$ 23,700	\$ 23,700	\$ 19,137	\$ -	\$ 4,563
Central administration	184,700	184,700	180,448	-	4,252
Finance	445,825	454,691	452,787	600	1,304
Staff	123,000	115,101	85,995	-	29,106
Central services	2,120,750	2,142,124	1,848,401	21,738	271,985
Special items	398,785	398,785	394,120	-	4,665
Instructional:					
Instruction, administration and improvement	834,850	833,882	812,704	-	21,178
Teaching - regular school	4,087,500	4,026,886	3,772,510	5,354	249,022
Programs for children with handicapping conditions	2,739,500	2,760,874	2,956,647	-	(195,773)
Teaching - special schools	233,500	259,576	182,619	-	76,957
Occupational education	725,000	742,339	742,339	-	-
Instructional media	245,000	254,055	248,852	-	5,203
Pupil services	670,310	669,548	712,285	10,953	(53,690)
Pupil Transportation	1,128,000	1,134,548	984,855	1,000	148,693
Employee Benefits	4,467,000	4,467,654	4,370,990	-	96,664
Debt Service:					
Debt service principal	2,925,000	2,925,000	2,965,000	-	(40,000)
Debt service interest	524,578	524,578	493,077	-	31,501
Total expenditures	<u>21,876,998</u>	<u>21,918,041</u>	<u>21,222,766</u>	<u>39,645</u>	<u>655,630</u>
Other Uses:					
Transfer to other funds	160,000	160,000	117,719	-	42,281
Total other uses	<u>160,000</u>	<u>160,000</u>	<u>117,719</u>	<u>-</u>	<u>42,281</u>
Total expenditures and other uses	<u>\$ 22,036,998</u>	<u>\$ 22,078,041</u>	<u>21,340,485</u>	<u>\$ 39,645</u>	<u>\$ 697,911</u>
Excess of revenue and other sources over expenditures and other uses			<u>\$ 401,268</u>		

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS1A

Page 38

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 15,645	\$ 11,116	\$ (4,529)
Federal sources	297,257	313,516	16,259
Sales	142,089	125,955	(16,134)
Miscellaneous	65,712	66,232	520
Surplus food	28,000	32,683	4,683
Use of money and property	-	166	166
Total revenue	<u>548,703</u>	<u>549,668</u>	<u>965</u>
Expenditures			
General support	153,805	132,580	21,225
Employee benefits	74,982	59,012	15,970
Cost of sales	212,638	193,730	18,908
Other expenses	107,278	92,972	14,306
Total expenditures	<u>548,703</u>	<u>478,294</u>	<u>70,409</u>
Excess of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>71,374</u>	<u>\$ 71,374</u>
Fund equity, beginning of year		<u>273,861</u>	
Fund equity, end of year		<u><u>\$ 345,235</u></u>	

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 22,036,998
Additions:	
Prior year's encumbrances	41,043
Original budget	22,078,041
Budget revisions:	
Transfer of capital reserve to capital project fund	-
Donations	-
Final budget	<u>\$ 22,078,041</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-18 voter-approved expenditure budget	\$ 22,036,998
Maximum allowed (4% of 2017-18 budget)	\$ 881,480

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

Unrestricted fund balance:

Committed fund balance	\$ -
Assigned fund balance	414,725
Unassigned fund balance	1,323,948
Total unrestricted fund balance	<u>1,738,673</u>

Less:

Appropriated fund balance	325,000
Insurance recovery reserve	50,080
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	39,645
Total adjustments	<u>414,725</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u>\$ 1,323,948</u>
--	----------------------------

Actual percentage	<u>6.0%</u>
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* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing					Fund Balance June 30, 2017	
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	Local Sources	State Sources	Interfund Sources	Adjustments		Total
Campbell 21	\$ 490,000	\$ 490,000	\$ 591,749	\$ -	\$ -	\$ 591,749	\$ (101,749)	\$ 490,000	\$ -	\$ -	\$ -	\$ 101,749	\$ 591,749	\$ -
Campbell 02	-	600,085	1,008,682	-	(334,861)	673,821	(73,736)	72,821	-	-	-	601,000	673,821	-
Bus Garage 02	606,868	606,868	298,067	-	327,910	625,977	(19,109)	18,977	-	-	-	607,000	625,977	-
Savona 02	166,031	166,031	143,408	-	30,129	173,537	(7,506)	7,506	-	-	-	166,031	173,537	-
Bus Garage 10	584,300	584,300	464,979	-	-	464,979	119,321	416,009	43,500	-	-	5,470	464,979	-
Campbell 10	13,663,300	13,063,215	12,661,198	-	-	12,661,198	402,017	11,561,021	1,026,000	679,854	-	(605,677)	12,661,198	-
Savona 10	4,954,501	4,954,501	4,650,497	-	-	4,650,497	304,004	4,991,039	430,500	2,782	-	(773,824)	4,650,497	-
Subtotal	20,465,000	20,465,000	19,818,580	-	23,178	19,841,758	623,242	17,557,373	1,500,000	682,636	-	101,749	19,841,758	-
Bus Garage 15	429,460	429,460	9,515	49,742	-	59,257	370,203	312,335	-	-	43,340	-	355,675	296,418
Campbell 15	5,682,170	5,682,170	126,356	527,060	-	653,416	5,028,753	4,132,487	-	-	573,430	-	4,705,917	4,052,501
Storage Bldg. 15	43,600	43,600	966	2,860	-	3,826	39,774	31,709	-	-	4,400	-	36,109	32,283
Savona 15	4,744,770	4,744,770	107,877	440,002	-	547,879	4,196,891	3,450,742	-	-	478,830	-	3,929,572	3,381,693
Capital Outlay 17	100,000	100,000	-	70,270	-	70,270	29,730	72,727	-	-	70,270	-	142,997	72,727
Subtotal	11,000,000	11,000,000	244,714	1,089,934	-	1,334,648	9,665,351	8,000,000	-	-	1,170,270	-	9,170,270	7,835,622
Phase 4b	5,400,000	5,400,000	-	-	-	-	5,400,000	-	-	-	-	-	-	-
	<u>\$ 36,865,000</u>	<u>\$ 36,865,000</u>	<u>\$ 20,063,294</u>	<u>\$ 1,089,934</u>	<u>\$ 23,178</u>	<u>\$ 21,176,406</u>	<u>\$ 15,688,593</u>	<u>\$ 25,557,373</u>	<u>\$ 1,500,000</u>	<u>\$ 682,636</u>	<u>\$ 1,170,270</u>	<u>\$ 101,749</u>	<u>\$ 29,012,028</u>	7,835,622
														(8,000,000)
														\$ (164,378)

Less: Bond Anticipation Notes (8,000,000)
Unassigned fund equity (deficit) as of June 30, 2017 \$ (164,378)

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS4A

Page 41

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2017	N/A	\$ 171,332	\$ 171,332
Yost Estate and other sources	N/A	2017	N/A	3,802	3,802
Universal pre-kindergarten	0409-17-7078	2017	127,437	122,713	122,713
Full expanded pre-kindergarten	0404-17-0012	2017	181,364	177,930	177,930
Extended school day	0640-17-3020	2017	30,519	4,695	4,695
School lunch programs	N/A	2017	N/A	6,602	6,602
School breakfast programs	N/A	2017	N/A	4,209	4,209
Summer school food service program	N/A	2017	N/A	305	305
				<u>\$ 491,588</u>	<u>\$ 491,588</u>

* Revenue includes transfer of \$47,449 from general fund for local share of summer school expenditures.

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT

Schedule SS4B

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 1 - Basis of Presentation

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

Note 2 - Non-monetary Federal Program

The accompanying **Campbell-Savona Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2017, the District reported in the Schedule of Federal Awards \$32,683 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Cost Rate

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

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS4C

Page 42

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
Title I	84.010A	0021-17-2860	\$ 199,626	\$ 196,906	\$ 196,906
Title II, Part A	84.367A	0147-17-2860	62,427	56,570	56,570
IDEA Part B, Section 611 *	84.027A	0032-17-0858	237,818	236,974	236,974
IDEA Part B, Section 611 *	84.027A	0032-16-0858	1,183	1,183	1,183
IDEA Part B, Section 619 *	84.173A	0033-17-0858	8,355	8,355	8,355
IDEA Part B, Section 619 *	84.173A	0033-16-0858	441	441	441
<i>Passed through Greater Southern Tier</i>					
<i>Board of Cooperative Education Services:</i>					
21st Century Learning Center	84.287A	0187-16-9999	N/A	60,974	60,974
Total U.S. Department of Education				<u>561,403</u>	<u>561,403</u>
US Department of Agriculture:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
National School Breakfast Program **	10.553	N/A	N/A	87,160	87,160
National School Lunch Program **	10.555	N/A	N/A	204,148	204,148
Summer School Food Service Program **	10.559	N/A	N/A	22,208	22,208
<i>Passed through NYS</i>					
<i>Office of General Services:</i>					
National School Lunch Program					
Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	32,683	32,683
Total U.S. Department of Agriculture				<u>346,199</u>	<u>346,199</u>
Total expenditures and revenue				<u>\$ 907,602</u>	<u>\$ 907,602</u>

* Constitutes a cluster of Federal programs named Special Education Cluster which had total revenue and expenditures of \$ 246,953
** Constitutes a cluster of Federal programs named Child Nutrition Cluster which had total revenue and expenditures of \$ 346,199

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF MAJOR PROGRAMS TESTED
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS4D

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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 907,602</u>
Major Programs Tested (Type B):		
IDEA Part B, Section 611 *	84.027A	\$ 238,157
IDEA Part B, Section 619 *	84.173A	8,796
National School Breakfast Program **	10.553	87,160
National School Lunch Program **	10.555	204,148
Summer School Food Service Program **	10.559	22,208
Noncash assistance (Donated Commodities) **	10.555	<u>32,683</u>
Total major programs tested		<u>\$ 593,152</u>
% of Federal programs tested		<u>65%</u>

* Constitutes a cluster of Federal programs

** Constitutes a cluster of Federal programs

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CERTAIN REVENUE AND EXPENDITURES
COMPARED TO ST-3 DATA – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Schedule SS5

Page 44

	Account Code	ST-3 Amount	Audited Amount
Revenues			
Property taxes	A-1001	\$ 5,048,636	\$ 5,048,636
Non-property taxes	AT-1199	-	-
State aid	AT-3999	16,021,577	16,021,577
Federal aid	AT-4999	97,388	97,388
Total revenue	AT-5999	21,741,753	21,741,753
Expenditures			
General support	AT-1999	2,980,888	2,980,888
Pupil transportation	AT-5599	984,855	984,855
Debt service - principal	AT-9798.6	2,965,000	2,965,000
Debt service - interest	AT-9798.7	493,077	493,077
Total expenditures	AT-9999	\$ 21,340,485	\$ 21,340,485

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2017

Schedule SS6

Page 45

Capital Assets	\$ 67,579,443
Less:	
Serial bonds - capital and transportation related (excludes deficit financing)	(18,915,530)
Bond anticipation notes	<u>(8,000,000)</u>
Net investment in capital assets	<u>\$ 40,663,913</u>

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS

Schedule SS7
Page 46

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded Actuarial Accrued Liability ("UAAL")	Funded Ratio	Budgeted Covered Payroll	Ratio of UAAL to Budgeted Covered Payroll
June 30, 2017	\$ -	\$ 46,900,949	\$ 46,900,949	0%	\$ 7,830,000	599.0%
June 30, 2016	\$ -	\$ 52,496,013	\$ 52,496,013	0%	\$ 7,680,000	683.5%
June 30, 2015	\$ -	\$ 50,665,657	\$ 50,665,657	0%	\$ 7,190,000	704.7%
June 30, 2014	\$ -	\$ 39,528,870	\$ 39,528,870	0%	\$ 6,880,000	574.5%
June 30, 2013	\$ -	\$ 38,440,412	\$ 38,440,412	0%	\$ 6,700,000	573.7%

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2017

Schedule SS8

Page 47

New York State Teachers' Retirement System

For the year ended June 30,	2017	2016	2015	2014	2013
Contractually required contributions	\$ 703,743	\$ 783,062	\$ 1,030,565	\$ 896,703	\$ 623,445
Contributions in relation to the contractually required contribution	(703,743)	(783,062)	(1,030,565)	(896,703)	(623,445)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,004,633	\$ 5,905,445	\$ 5,878,865	\$ 5,518,172	\$ 5,265,583
Contributions as a percentage of District's covered-employee payroll	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2017	2016	2015	2014	2013
Contractually required contributions	\$ 215,153	\$ 237,805	\$ 272,059	\$ 276,770	\$ 245,734
Contributions in relation to the contractually required contribution	(215,153)	(237,805)	(272,059)	(276,770)	(245,734)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,458,221	\$ 1,364,502	\$ 1,369,971	\$ 1,334,910	\$ 1,327,117
Contributions as a percentage of District's covered-employee payroll	14.75%	17.43%	19.86%	20.73%	18.52%

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2017

Schedule SS9

Page 48

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

As of the measurement date of June 30,	2017	2016	2015	2014	2013
District's proportion of the net pension liability/asset	n/a	0.038270%	0.039137%	0.037357%	0.035948%
District's proportionate share of the net pension liability (asset)	n/a	\$ 409,888	\$ (4,065,055)	\$ (4,161,307)	\$ (236,628)
District's covered-employee payroll	n/a	\$ 5,905,445	\$ 5,878,865	\$ 5,518,172	\$ 5,265,583
District's proportionate share of the net pension liability asset as a percentage of its covered employee payroll	n/a	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	n/a	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.0052913%	0.0052918%	0.0051195%	n/a	n/a
District's proportionate share of the net pension liability	\$ 497,180	\$ 849,354	\$ 172,948	\$ 231,341	n/a
District's covered-employee payroll	\$ 1,458,221	\$ 1,364,502	\$ 1,369,971	\$ 1,334,910	n/a
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	34.09%	62.25%	12.62%	17.33%	n/a
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%	n/a	n/a

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

**To the President and
Members of the Board of Education
Campbell-Savona Central School District
Campbell, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Campbell-Savona Central School District* as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise *Campbell-Savona Central School District's* basic financial statements and have issued our report thereon dated October 4, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that deficiencies, significant deficiencies and material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the District's internal control described in the accompanying schedule of findings and questioned costs as item II.A.2017-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Campbell-Savona Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2017-002.

We noted other matters that we have reported to management of *Campbell-Savona Central School District* in a separate letter dated October 4, 2017.

Campbell-Savona Central School District's Response to Finding

Campbell-Savona Central School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Campbell-Savona Central School District's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 4, 2017**

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

**To the President and
Members of the Board of Education
Campbell-Savona Central School District
Campbell, New York**

Report on Compliance for Each Major Federal Program

We have audited *Campbell-Savona Central School District's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of *Campbell-Savona Central School District's* major federal programs for the year ended June 30, 2017. *Campbell-Savona Central School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, *Campbell-Savona Central School District* complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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

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

We noted other matters that we have reported to management of [Campbell-Savona Central School District](#) in a separate letter dated October 4, 2017.

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 4, 2017**

**CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of **Campbell-Savona Central School District**.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards". This significant deficiency is described in the accompanying schedule of findings and questioned costs as item II.A.2017-001.
3. There was one instance of noncompliance material to the financial statements of **Campbell-Savona Central School District** reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards". This instance of noncompliance is reported in the schedule of findings and questioned costs as item II.B.2017-002.
4. There were no deficiencies relating to the audit of the major federal assistance programs of the **Campbell-Savona Central School District** as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal assistance programs for the **Campbell-Savona Central School District** expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs include:

Name	CFDA#	Program Type	Expenditures Amounts
IDEA, Section 611 *	84.027A	Type B	\$ 238,157
IDEA, Section 619 *	84.173A	Type B	8,796
National School Breakfast Program **	10.553	Type B	87,160
National School Lunch Program **	10.555	Type B	204,148
Summer School Food Service Program **	10.559	Type B	22,208
Noncash assistance (Donated Commodities) **	10.555	Type B	32,683
Total tested			<u>\$ 593,152</u>
Percentage of total programs tested			<u>65%</u>

* Constitutes a cluster of Federal programs.

** Constitutes a cluster of Federal programs.

8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. **Campbell-Savona Central School District** does not qualify as a low-risk auditee.

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2017-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2017

Condition and criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording retirement accruals, capital project funds and converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

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

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

Year ended June 30, 2016

A similar finding was reported upon during the fiscal year ended June 30, 2016 as item 2016-001.

B. COMPLIANCE AND OTHER MATTERS

Year ended June 30, 2017

2017-002 Unassigned Fund Balance

Conditions and criteria: **Campbell-Savona Central School District's** unassigned fund balance as of June 30, 2017 amounted to \$1,323,948. This amount constitutes approximately 6.0% of the 2017-2018 school budget.

Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance was greater than 4% of the subsequent year's budget.

Auditors' Recommendation: **Campbell-Savona Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

School District's Response: **Campbell-Savona Central School District** realizes that its unassigned fund balance as of June 30, 2017 was in excess of the NYS mandated 4% level. The District has and will continue to review its options with regard to reservation and designation of fund balance.

Year ended June 30, 2016

No compliance findings were reported upon during the fiscal year ended June 30, 2016.

**CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

A. COMPLIANCE

Year ended June 30, 2017

No compliance findings are being reported upon during the fiscal year ended June 30, 2017.

Year ended June 30, 2016

No compliance findings were reported upon during the fiscal year ended June 30, 2016.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2017

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2017.

Year ended June 30, 2016

No findings related to internal control over compliance were reported upon during the fiscal year ended June 30, 2016.



October 4, 2017

**To the President and Members of the
Board of Education
and School Administration
Campbell-Savona Central School District
Campbell, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2017 of the District's financial statements and have issued our reports thereon dated October 4, 2017. Our audit report expressed an unqualified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by Government Auditing Standards.

In planning and performing our audit of the financial statements of the *Campbell-Savona Central School District* for the year ended June 30, 2017, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. Except as noted within the body of such reports, the District generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2013 through June 30, 2017. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Campbell-Savona Central School District's* has provided responses to additional comments that follow, however, we did not audit such responses and, accordingly, we express no opinion on them.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

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

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Revenue and other sources					
Property taxes	\$ 5,049	\$ 5,002	\$ 4,973	\$ 4,891	\$ 4,783
State aid	16,022	15,310	15,102	14,434	14,178
All other	671	768	704	719	782
Proceeds from issuance of debt	-	-	-	-	-
	<u>21,742</u>	<u>21,080</u>	<u>20,779</u>	<u>20,044</u>	<u>19,743</u>
Expenditures and other uses					
General support	2,981	3,044	3,053	2,874	2,697
Instruction	9,428	9,348	9,185	9,215	8,902
Transportation	985	992	989	1,042	849
Benefits	4,371	4,031	4,091	3,863	3,497
Debt	3,458	3,321	3,689	3,544	3,535
Transfers	118	1,248	52	98	29
	<u>21,341</u>	<u>21,984</u>	<u>21,059</u>	<u>20,636</u>	<u>19,509</u>
Excess (deficiency) of revenue over expenditures	401	(904)	(280)	(592)	234
Fund equity					
Beginning of year	2,271	3,175	3,455	4,047	3,813
End of year	<u>\$ 2,672</u>	<u>\$ 2,271</u>	<u>\$ 3,175</u>	<u>\$ 3,455</u>	<u>\$ 4,047</u>
Analysis of fund equity					
Restricted					
Reserve for retirement system credits	\$ 378	\$ 378	\$ 387	\$ 358	\$ 397
Reserve for tax certiorari	120	120	120	120	120
Reserve for employee benefits	206	205	216	216	227
Reserve for unemployment insurance	116	116	116	116	129
Reserve for workers' compensation	93	93	93	93	106
Reserve for capital	20	20	1,120	1,024	1,023
Assigned					
Reserve for encumbrances	40	41	57	66	40
Reserve for insurance recovery	50	50	50	50	50
Next year's budget	325	421	232	445	1,190
Unassigned	1,324	827	784	967	765
	<u>\$ 2,672</u>	<u>\$ 2,271</u>	<u>\$ 3,175</u>	<u>\$ 3,455</u>	<u>\$ 4,047</u>

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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Equipment and Inventory

The District reports approximately \$68 million of capital assets. The most significant dollar amount of these assets consist of the District buildings and capital improvements that are not as susceptible to the risk of loss or misuse. Assets that are more susceptible to such risk include equipment and inventory items. It is extremely important for the District to be aware of the risks associated with these assets and have processes in place to safeguard against their loss or misuse. Internal controls that the District may consider include the following:

- Continued updating of the District's fixed asset and inventory additions and disposals within its asset database;
- Obtaining a full independent appraisal every few years, that would compare the assets listed within the database compared with those physically counted;
- Maintaining a perpetual inventory system for higher risk equipment and inventory items;
- Periodically perform random spot checks of equipment and inventory and compare to asset database;
- Performing annual physical inventory counts and investigating any differences between the appraisal/inventory reports and physical count;

In addition, the District has not had a full inventory appraisal performed of in many years. We recommend that an inventory of School District property and equipment should be performed.

District's response: The District has taken the following steps to address this concern: 1) Contracted with the GST BOCES Central Business Office to assist it with the tracking and record keeping involved; 2) Expanded a clerical position from 10-month to 12-month to give the person the time to oversee this area; and 3) Requested the Internal Auditor to do an audit of fixed assets and give the District recommendations.

Technology

In an ever changing technological society the District should continue to monitor the risks associated with technology so that key operational and financial data are safeguarded. Some of the general and application IT controls that should continue to be considered include the following:

- Procedures for developing, testing, documenting, reviewing, and approving systems or program changes and subsequent modification.
- Controls over access to computer equipment, software and data contained therein.
- Disaster/recovery plans, including backup procedures, off-site storage, and contingency planning.
- Developing formal procedures and guidelines for tasks performed by IT staff.
- Formal documentation of IT policies and processes.
- Identifying those individuals who have access within accounting systems and routinely monitoring such access.

We recommend that the District continue to consider its technology risks and how such risks are mitigated

District's response: The District is working with GST BOCES and Erie 1 BOCES to develop appropriate protocols for the mitigation of risk in this area.

Fund Balance Reserve

As of June 30, 2017, the District has certain fund balance reserves. The New York State Comptroller's Office in its audits of school districts has increased its scrutiny of fund balance reserves established by districts. We recommend that the District ensure that as reserves are established and utilized, New York State required procedures are closely followed. Further, for existing and future reserves we recommend that the District document its rationale to support the purpose and dollar level of reserves and consider forming a long-term plan with regard to the funding and use of its reserves. Lastly, we recommend that the District consider developing a worksheet that documents the approval, funding and use of each reserve. This worksheet could be carried forward to future years and provide important historical data of all reserves of the District.

The District will be required to communicate information about its fund balance reserves to its taxpayers which includes the types of reserves, level of reserves and plan for use of reserve in the upcoming year. The District should begin to plan for this new level of reporting.

District's response: The District will continue to review its levels of fund balance with the Board and will develop a worksheet which outlines when reserves were established, funded and utilized.

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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Budgeting

The New York State Office of the Comptroller has recently focused their audits in the area of fiscal condition, which often leads to reviewing the school districts' budgeting strategies. When doing so, the Comptroller's office compares amounts that were included in the District's original budget to actual revenue and expenditures experienced during the years under review. Once the analysis is performed, determinations are made as to whether the original budgets were developed based on reasonable assumptions.

We recommend that the District continue to document its budget philosophy and financial plan and update as circumstances change. This information should continue to be presented at budget hearings and Board meetings so that both the Board and taxpayers remain informed.

District response: The District recognizes the increased scrutiny by the Comptroller's office over District's budgeting practices. The Board works extremely hard to ensure that its annual budgets are reasonable and realistic and will continue to do so.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans

In June 2015, the Government Accounting Standards Board issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions Plans – an amendment of GASB Statement No. 45. Statement No. 75 which will be effective for the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

The new accounting standard will require the District to report its actuarial accrued liability related to OPEB in the statement of net position within the government-wide financial statements. Although the majority of this information is currently presented within the District's financial statement disclosures, the OPEB liability within the statement of net position is only a portion of total actuarial accrued liability, as the current accounting standard for OPEB, GASB 45, allows governmental entities to amortize the liability over a period of up to thirty years. We recommend that the District begin to educate its users of the financial statements, as to the impact of this change in future years.

District response: The District will begin to education the users of the financial statements as to the impact of this new accounting pronouncement.

Uniform Guidance

The Federal Office of Management and Budget (OMB) issued regulations titled the Uniform Guidance which was effective for recipients of Federal grants for awards received after December 26, 2014. The Uniform Guidance has a focus on improving overall performance and outcome of grants and to reduce administrative burdens for grant applications and recipients, while reducing risk of waste, fraud and abuse. Within the Uniform Guidance is a section on subrecipient monitoring. This section defines a pass-through entity and its responsibility when Federal awards are passed through to a subrecipient, who is responsible for carrying out the Federal program. The NYS Education Department is the pass-through entity for Federal Awards that it passes to the District, such as the IDEA grants and Title grants. New York State has recently increased its monitoring to comply with the Uniform Guidance. During 2016-17, the Department sent a questionnaire to a sample of schools asking if they had certain policies and procedures with respect to certain compliance requirements in the Uniform Guidance for the IDEA programs. In addition, the Department is requiring schools to provide documentation to support that it has complied with the maintenance of effort compliance requirement. We continue to recommend that individuals involved with the oversight of the Federal grants to familiarize itself with the Uniform Guidance. Policies and procedures should also be developed to documents its compliance with pertinent requirements. In addition, if the District acts as the pass-through entity for certain funds received from its Title I and IDEA grants that are passed through to private schools, the District should familiarize itself with the subrecipient monitoring section of the guidance and consider developing documentation to demonstrate that it is in compliance. We recommend individuals involved with the oversight of Federal grants at the District familiarize themselves with the new Uniform Guidance, which may include continuing education, webinars and further training.

District response: The District will review the new Uniform Guidance to ensure the District is properly following federal regulations.

Reporting of Financial Documents on the District Website

The District will now be required to include on its website the following documents: external financial statement audit; management letter; corrective action plan; statement comptroller audit; final annual budget; and multi-year financial plan adopted by the Board of Education. The District should familiarize itself with the new website reporting requirements and begin to upload data as it becomes available.

District response: The District is aware of the new reporting requirements and will report such information when it becomes available.

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Campbell-Savona Central School District
Campbell, New York**

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **Campbell-Savona Central School District** for the year ended June 30, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the basis for qualified opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **Campbell-Savona Central School District** for the year ended June 30, 2017 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 4, 2017**

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENT ON EXTRACLASSROOM ACTIVITY FUND
JULY 1, 2016 THROUGH JUNE 30, 2017

	Balances July 01, 2016	Total Receipts 2016-17	Total Receipts & Balances	Total Payments 2016-17	Balances June 30, 2017
Class of 2017	\$ 9,025	\$ 30,875	\$ 39,900	\$ 39,086	\$ 814
Class of 2018	7,058	10,398	17,456	6,578	10,878
Class of 2019	2,554	8,358	10,912	5,170	5,742
Class of 2020	-	13,215	13,215	9,030	4,185
Athletic Club	4,450	3,781	8,231	3,845	4,386
Band	8,573	24,174	32,747	24,917	7,830
Heal Club	814	-	814	-	814
Ski Club	256	9,603	9,859	9,595	264
Spanish Club	78	400	478	281	197
Student Council - HS	3,808	3,449	7,257	6,586	671
Yearbook	3,982	29,778	33,760	31,542	2,218
Student Council - MS	1,810	246	2,056	200	1,856
Drama Club	1,177	20,482	21,659	16,678	4,981
Track	115	1,121	1,236	944	292
Total activity fund	\$ 43,700	\$ 155,880	\$ 199,580	\$ 154,452	\$ 45,128

CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of **Campbell-Savona Central School District**. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$45,128 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

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

**CAMPBELL-SAVONA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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During the course of our audit of the extraclassroom activities, we noted the following:

Point of Sale Records

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

District's response: The District will evaluate the documentation required to substantiate extraclassroom activity and implement formal policies in the future.

Gross Margin Analysis

At the conclusion of the fundraiser the Activity is expected to compare the actual revenue and expenditures to the expected results. We recommend that going forward these forms be required to be completed for each individual fundraiser. Further, we recommend that these forms be filed separate from the receipts and disbursements records and that they be analyzed by someone in an oversight role to ensure that fundraisers meet budgeted expectations and achieve appropriate margins.

District's response: The District has met with all extraclassroom activity advisors, student presidents, vice presidents and treasurer, and has explained why and what necessary documentation is required. The District has also updated and provided new forms to help in this process.