

**AUSABLE VALLEY
CENTRAL SCHOOL DISTRICT
Financial Statements
Year Ended June 30, 2020**

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Independent Auditor's Report

To the Board of Education
AuSable Valley Central School District
1273 Route 9N
Clintonville, New York 12924

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of AuSable Valley Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise AuSable Valley Central School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of AuSable Valley Central School District, as of June 30, 2020, 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.

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 for the retiree health plan, schedule of the District's proportionate share of net pension asset/liability, and schedule of the District's contributions on pages 3-9 and 45-48 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 AuSable Valley Central School District's basic financial statements. The schedule of change from original budget to revised budget, section 1318 of real property tax law calculation, and net investments in capital assets are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of change from original budget to revised budget, section 1318 of real property tax law calculation, and net investments in capital assets 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 schedule of change from original budget to revised budget, section 1318 of real property tax law calculation, and net investments in capital assets, 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 September 4, 2020, on our consideration of AuSable Valley Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AuSable Valley Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AuSable Valley Central School District's internal control over financial reporting and compliance.

Telling & Associates, CPA, P.C.

Telling & Associates, CPA PC
License # 092-0000692
Middlebury, Vermont
September 4, 2020

**AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2020**

As management of AuSable Valley Central School District, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$89,916,330 (i.e., net position), a change of \$(4,435,005) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue of \$34,471,520, a change of \$195,582 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses of \$38,906,525, a change of \$6,275,863 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$1,745,357 a change of \$472,308 in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general funds was \$1,665,972 a change of \$768,234 in comparison to the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Net Position</u>		
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Assets			
Other assets	\$ 5,625,796	\$ 5,262,540	6.9%
Capital assets	41,758,990	43,015,068	-2.9
Total assets	<u>47,384,786</u>	<u>48,277,608</u>	<u>-1.9</u>
Deferred outflows of resources			
OPEB	14,205,003	17,344,438	-18.1
Pensions	7,013,090	6,489,170	8.1
Total deferred outflows of resources	<u>21,218,093</u>	<u>23,833,608</u>	<u>-11.0</u>
Total assets and deferred outflows of resources	<u>\$ 68,602,879</u>	<u>\$ 72,111,216</u>	<u>-4.9%</u>
Liabilities			
Long-term debt outstanding	\$ 137,512,777	\$ 131,471,996	4.6%
Other liabilities	2,333,091	2,834,261	-17.6
Total liabilities	<u>139,845,868</u>	<u>134,306,257</u>	<u>4.1</u>
Deferred inflows of resources			
Prepaid meals	3,633	1,390	161.4
OPEB	16,489,902	21,556,213	-23.5
Pensions	2,154,210	1,719,432	25.3
Unearned revenue	25,596	9,249	176.7
Total deferred inflows of resources	<u>18,673,341</u>	<u>23,286,284</u>	<u>-19.8</u>
Net position			
Net investment in capital assets	24,711,513	22,814,205	8.3
Restricted	252,665	245,984	2.7
Unrestricted	<u>(114,880,508)</u>	<u>(108,541,514)</u>	<u>-5.8</u>
Total net position	<u>(89,916,330)</u>	<u>(85,481,325)</u>	<u>-5.2</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 68,602,879</u>	<u>\$ 72,111,216</u>	<u>-4.9%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(89,916,330) a change of \$(4,435,005) from the prior year.

The largest portion of net position, \$24,711,513 reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$252,665, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(114,880,508) is a deficit, primarily resulting for the District's unfunded net pension liability and OPEB (Other Post-Employment Benefit) liability.

	<u>Change in Net Position</u>		
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Revenues			
Program revenues			
Charges for services	\$ 297,110	\$ 493,234	-39.8%
Operating grants	1,849,156	2,015,968	-8.3
General revenues			
Property taxes and tax items	14,221,248	13,820,241	2.9
State sources	18,008,405	17,723,954	1.6
Use of money and property	25,829	46,228	-44.1
Miscellaneous	69,772	176,313	-60.4
Total revenues	<u>34,471,520</u>	<u>34,275,938</u>	<u>0.6</u>
Expenses			
General support	6,867,219	4,955,013	38.6
Instruction	13,352,029	14,159,274	-5.7
Transportation	1,794,737	1,786,524	0.5
Community service	43,000	42,000	2.4
Employee benefits	15,897,529	10,665,887	49.1
Interest	507,406	538,320	-5.7
School lunch program	444,605	483,644	-8.1
Total expenses	<u>38,906,525</u>	<u>32,630,662</u>	<u>19.2</u>
Change in net position	<u>(4,435,005)</u>	<u>1,645,276</u>	<u>-369.6</u>
Net position – beginning of year	<u>(85,481,325)</u>	<u>(87,126,891)</u>	<u>1.9</u>
Net position – end of year	<u>\$ (89,916,330)</u>	<u>\$ (85,481,325)</u>	<u>-5.2%</u>

Governmental activities

Governmental activities for the year resulted in a change in net position of \$(4,435,005). Key elements of this change are as follows:

General fund operations, as discussed further in section below	\$ 522,113
Special aid activity	-
School lunch activity	(8,221)
Capital activity	(41,584)
Acquisition of fixed assets	448,032
Depreciation expense	(1,704,110)
Long term debt transactions	717,315
Accrued interest on long-term debt	(21,126)
Change in employee benefits	(4,347,424)
Total	<u>\$ (4,435,005)</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balance of \$1,745,357, a change of \$472,308 in comparison with the prior year. Key elements of this change are as follows:

General fund operating results	\$ 522,113
Special aid operating results	-
School lunch operating results	(8,221)
Capital operating results	<u>(41,584)</u>
Total	<u>\$ 472,308</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,665,972, while total fund balance was \$2,765,972. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 1,665,972	\$ 897,738	\$ 768,234	5.2%
Total fund balance	\$ 2,765,972	\$ 2,243,859	\$ 522,113	8.7%

The total fund balance of the general fund changed by \$522,113 during the current fiscal year. Key factors in this change are as follows:

Revenues less than budget	(1,450,040)
Expenditures less than budget	<u>1,972,153</u>
Total	<u>\$ 522,113</u>

Included in the total general fund balance are the District's reserve accounts with the following balances:

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>
Employee benefits	\$ 225,000	\$ 225,000	\$ -
Total	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ -</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund for AuSable Valley Central School District was \$33,860,944. The total was revised during year to \$33,930,365. The difference arises from the carryover of prior year encumbrances.

The School District had a positive performance of expenditures with the original budget after last year encumbrances of \$33,930,365 and actual performance \$31,958,212 of expenditures, and \$0 of encumbrances. With close monitoring of expenses management has cut expenses without providing a lower level of education to their students.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental activities at year end amounted to \$41,758,990 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Capital Asset Additions:	
65-seater passenger school bus	\$ 109,407
65-seater passenger school bus	109,407
65-seater passenger school bus	109,407
4 post rotary bus lift	18,000
4 post rotary bus lift	23,318
1,500 lbs. rolling floor jack	6,950
1,500 lbs. rolling floor jack	6,950

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At the end of the current fiscal year, total bonded debt outstanding was \$18,487,685, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

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 affect its future financial health.

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on individuals served by the District, both of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

The uncertainty of the state's financial position, as it relates to its funding of education, and ongoing litigation challenging the formulas used by New York State to distribute aid, make it difficult to project revenues as a part of the District's long-term planning.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

AuSable Valley Central School District Offices
Attn: School Business Executives
1273 Route 9N
Clintonville, New York 12924

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Assets

Cash:		
Unrestricted	\$	1,777,797
Restricted		225,000
Receivables:		
Accounts receivable		130,580
Due from other funds		29,419
Due from other governments		317,459
State and federal aid		1,578,631
Inventory		27,665
Capital assets, net		41,758,990
Net pension asset- proportionate share		1,539,245
Total assets		<u>47,384,786</u>

Deferred outflows of resources

OPEB		14,205,003
Pensions		7,013,090
Total deferred outflows of resources		<u>21,218,093</u>

Total assets and deferred outflows of resources \$ 68,602,879

Liabilities

Payables:		
Accounts payable	\$	252,786
Accrued liabilities		21,126
Bond anticipation notes		1,037,447
Due to other governments		35
Long-term liabilities:		
Due and payable within one year:		
Bonds payable		3,250,000
Due to Teachers' Retirement System		900,247
Due to Employee's Retirement System		121,450
Due and payable after one year:		
Bonds payable		15,237,685
Compensated absences		5,667,025
Other postemployment benefits payable		110,548,798
Net pension liability-proportionate share		2,809,269
Total liabilities		<u>139,845,868</u>

Deferred inflows of resources

OPEB		16,489,902
Pension		2,154,210
Prepaid meals		3,633
Unearned revenue		25,596
Total deferred inflows of resources		<u>18,673,341</u>

Net position

Net investment in capital assets		24,711,513
Restricted		
Employee benefits		225,000
Inventory		27,665
Unrestricted		(114,880,508)
Total net position		<u>(89,916,330)</u>

Total liabilities, deferred inflows of resources and net position \$ 68,602,879

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants	Grants	Grants	Net Position
Functions/Programs					
General support	\$ 6,867,219	\$ 155,704	\$ 54,467	\$	(6,657,048)
Instruction	13,352,029	-	1,382,181		(11,969,848)
Pupil transportation	1,794,737	-	-		(1,794,737)
Community services	43,000	-	-		(43,000)
Employee benefits	15,897,529	-	-		(15,897,529)
Interest expense	507,406	-	-		(507,406)
Cost of sales - school lunch	444,605	141,406	412,508		109,309
	<u>\$ 38,906,525</u>	<u>\$ 297,110</u>	<u>\$ 1,849,156</u>		<u>(36,760,259)</u>
Total functions and programs					
General revenues					
Real property taxes					12,757,012
Other tax items					1,464,236
Use of money and property					25,829
Miscellaneous					69,772
State sources not restricted to specific programs					18,008,405
					<u>32,325,254</u>
Total general revenues					
Change in net position					
Net position - beginning of year					
Net position - end of year					
\$ <u>(89,916,330)</u>					

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Special Aid</u>	<u>Non-major School Lunch</u>	<u>Total Governmental Funds</u>
Assets					
Cash:					
Unrestricted	\$ 1,584,745	116,090	25,596	51,366	\$ 1,777,797
Restricted	225,000	-	-	-	225,000
Receivables:					
Accounts receivable	130,580	-	-	-	130,580
Due from other funds	943,152	-	-	-	943,152
Due from other governments	317,459	-	-	-	317,459
State and federal aid	839,519	54,467	600,775	83,870	1,578,631
Inventory	-	-	-	27,665	27,665
Total assets	\$ 4,040,455	\$ 170,557	\$ 626,371	\$ 162,901	\$ 5,000,284
Liabilities					
Accounts payable	\$ 252,786	-	-	-	\$ 252,786
Bond anticipation notes	-	1,037,447	-	-	1,037,447
Due to other funds	-	170,557	600,775	142,401	913,733
Due to other governments	-	-	-	35	35
Due to Teachers' Retirement System	900,247	-	-	-	900,247
Due to Employee's Retirement System	121,450	-	-	-	121,450
Total liabilities	<u>1,274,483</u>	<u>1,208,004</u>	<u>600,775</u>	<u>142,436</u>	<u>3,225,698</u>
Deferred inflows of resources					
Prepaid meals	-	-	-	3,633	3,633
Unearned revenue	-	-	25,596	-	25,596
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>25,596</u>	<u>3,633</u>	<u>29,229</u>
Fund balance					
Nonspendable					
Inventory	-	-	-	27,665	27,665
Restricted					
Employee benefits	225,000	-	-	-	225,000
Assigned					
Appropriated fund balance	875,000	-	-	-	875,000
Unassigned	<u>1,665,972</u>	<u>(1,037,447)</u>	<u>-</u>	<u>(10,833)</u>	<u>617,692</u>
Total fund balance	<u>2,765,972</u>	<u>(1,037,447)</u>	<u>-</u>	<u>16,832</u>	<u>1,745,357</u>
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,040,455	\$ 170,557	\$ 626,371	\$ 162,901	\$ 5,000,284

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2020

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
Assets				
Cash:				
Unrestricted	\$ 1,777,797	\$ -	\$ -	\$ 1,777,797
Restricted	225,000	-	-	225,000
Receivables:				
Accounts receivable	130,580	-	-	130,580
Due from other funds	943,152	-	(913,733)	29,419
Due from other governments	317,459	-	-	317,459
State and federal aid	1,578,631	-	-	1,578,631
Inventories	27,665	-	-	27,665
Land, building, and equipment (net)	-	41,758,990	-	41,758,990
Net pension asset- proportionate share	-	1,539,245	-	1,539,245
Total assets	<u>5,000,284</u>	<u>43,298,235</u>	<u>(913,733)</u>	<u>47,384,786</u>
Deferred outflows of resources				
OPEB	-	14,205,003	-	14,205,003
Pension	-	7,013,090	-	7,013,090
Total deferred outflows of resources	<u>-</u>	<u>21,218,093</u>	<u>-</u>	<u>21,218,093</u>
Total assets and deferred outflows of resources	<u>\$ 5,000,284</u>	<u>\$ 64,516,328</u>	<u>\$ (913,733)</u>	<u>\$ 68,602,879</u>
Liabilities				
Accounts payable	\$ 252,786	\$ -	\$ -	\$ 252,786
Accrued liabilities	-	21,126	-	21,126
Bond anticipation notes	1,037,447	-	-	1,037,447
Due to other funds	913,733	-	(913,733)	-
Due to other governments	35	-	-	35
Due to Teachers' Retirement System	900,247	-	-	900,247
Due to Employees' Retirement System	121,450	-	-	121,450
Bonds payable	-	18,487,685	-	18,487,685
Compensated absences	-	5,667,025	-	5,667,025
Postemployment benefits	-	110,548,798	-	110,548,798
Net pension liability-proportionate share	-	2,809,269	-	2,809,269
Total liabilities	<u>3,225,698</u>	<u>137,533,903</u>	<u>(913,733)</u>	<u>139,845,868</u>
Deferred inflows of resources				
OPEB	-	16,489,902	-	16,489,902
Pension	-	2,154,210	-	2,154,210
Prepaid meals	3,633	-	-	3,633
Unearned revenue	25,596	-	-	25,596
Total deferred inflows of resources	<u>29,229</u>	<u>18,644,112</u>	<u>-</u>	<u>18,673,341</u>
Fund balance/net position				
Total fund balance/net position	<u>1,745,357</u>	<u>(91,661,687)</u>	<u>-</u>	<u>(89,916,330)</u>
Total liabilities, deferred inflows of resources and fund balance/net position	<u>\$ 5,000,284</u>	<u>\$ 64,516,328</u>	<u>\$ (913,733)</u>	<u>\$ 68,602,879</u>

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Statements of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Special Aid</u>	<u>Nonmajor School Lunch</u>	<u>Total Governmental Funds</u>
Revenues					
Real property taxes	\$ 12,757,012	\$ -	\$ -	\$ -	\$ 12,757,012
Other tax items	1,464,236	-	-	-	1,464,236
Charges for services	155,704	-	-	-	155,704
Use of money and property	25,196	-	-	633	25,829
State sources	18,008,405	54,467	387,050	12,247	18,462,169
Federal sources	-	-	990,871	360,655	1,351,526
Surplus food	-	-	-	39,606	39,606
Sales	-	-	-	141,406	141,406
Miscellaneous	69,772	-	4,260	-	74,032
Total revenues	<u>32,480,325</u>	<u>54,467</u>	<u>1,382,181</u>	<u>554,547</u>	<u>34,471,520</u>
Expenditures					
General support	3,210,332	2,532,152	-	-	5,742,484
Instruction	12,088,327	-	1,093,479	-	13,181,806
Pupil transportation	1,505,396	328,221	-	-	1,833,617
Community services	43,000	-	-	-	43,000
Employee benefits	10,983,945	-	305,497	260,663	11,550,105
Debt service:					
Principal	3,195,000	-	-	-	3,195,000
Interest	486,280	-	-	-	486,280
Cost of sales	-	-	-	444,605	444,605
Total expenditures	<u>31,512,280</u>	<u>2,860,373</u>	<u>1,398,976</u>	<u>705,268</u>	<u>36,476,897</u>
Excess (deficiency) of revenues over expenditures	<u>968,045</u>	<u>(2,805,906)</u>	<u>(16,795)</u>	<u>(150,721)</u>	<u>(2,005,377)</u>
Other financing sources and (uses)					
Bond proceeds	-	2,477,685	-	-	2,477,685
Operating transfers in	-	286,637	16,795	142,500	445,932
Operating transfers (out)	<u>(445,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(445,932)</u>
Total other sources (uses)	<u>(445,932)</u>	<u>2,764,322</u>	<u>16,795</u>	<u>142,500</u>	<u>2,477,685</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	522,113	(41,584)	-	(8,221)	472,308
Fund balance - beginning of year	<u>2,243,859</u>	<u>(995,863)</u>	<u>-</u>	<u>25,053</u>	<u>1,273,049</u>
Fund balance - end of year	<u>\$ 2,765,972</u>	<u>\$ (1,037,447)</u>	<u>\$ -</u>	<u>\$ 16,832</u>	<u>\$ 1,745,357</u>

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
Year Ended June 30, 2020

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Reclassification and Eliminations</u>	<u>Statement of Activities Totals</u>
Revenues						
Real property taxes	\$ 12,757,012	\$ -	\$ -	\$ -	\$ -	\$ 12,757,012
Other tax items	1,464,236	-	-	-	-	1,464,236
Charges for services	155,704	-	-	-	-	155,704
Use of money and property	25,829	-	-	-	-	25,829
State sources	18,462,169	-	-	-	-	18,462,169
Federal sources	1,351,526	-	-	-	-	1,351,526
Surplus food	39,606	-	-	-	-	39,606
Sales	141,406	-	-	-	-	141,406
Miscellaneous	74,032	-	-	-	-	74,032
Total revenues	<u>34,471,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,471,520</u>
Expenditures/Expenses						
General support	5,742,484	1,244,546	(119,811)	-	-	6,867,219
Instruction	13,181,806	170,223	-	-	-	13,352,029
Pupil transportation	1,833,617	289,341	(328,221)	-	-	1,794,737
Community services	43,000	-	-	-	-	43,000
Employee benefits	11,550,105	4,347,424	-	-	-	15,897,529
Debt services:						
Principal	3,195,000	-	-	(3,195,000)	-	-
Interest	486,280	21,126	-	-	-	507,406
Cost of sales	444,605	-	-	-	-	444,605
Total expenditures/expenses	<u>36,476,897</u>	<u>6,072,660</u>	<u>(448,032)</u>	<u>(3,195,000)</u>	<u>-</u>	<u>38,906,525</u>
Excess (deficiency) of revenues over expenditures	<u>(2,005,377)</u>	<u>(6,072,660)</u>	<u>448,032</u>	<u>3,195,000</u>	<u>-</u>	<u>(4,435,005)</u>
Other sources and (uses)						
Bond proceeds	2,477,685	-	-	(2,477,685)	-	-
Operating transfers in	445,932	-	-	-	(445,932)	-
Operating transfers (out)	(445,932)	-	-	-	445,932	-
Total other sources (uses)	<u>2,477,685</u>	<u>-</u>	<u>-</u>	<u>(2,477,685)</u>	<u>-</u>	<u>-</u>
Net change for the year	<u>\$ 472,308</u>	<u>\$ (6,072,660)</u>	<u>\$ 448,032</u>	<u>\$ 717,315</u>	<u>\$ -</u>	<u>\$ (4,435,005)</u>

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020

	<u>Private Purpose Trusts</u>	<u>Agency</u>
Assets		
Cash	\$ 43,543	\$ 171,564
Total assets	<u>\$ 43,543</u>	<u>\$ 171,564</u>
Liabilities		
Due to other funds	\$ -	\$ 29,419
Other liabilities	-	60,877
Extraclassroom activities	-	81,268
Total liabilities	<u>-</u>	<u>171,564</u>
Net Position		
Reserve for scholarship	43,543	-
Total net position	<u>43,543</u>	<u>-</u>
Total liabilities and net position	<u>\$ 43,543</u>	<u>\$ 171,564</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2020

	<u>Private Purpose Trusts</u>	
Additions		
Gifts and contributions	\$ 558	
Investment earnings	305	
Total additions	<u>863</u>	
Deductions		
Scholarships and awards	4,975	
Total deductions	<u>4,975</u>	
Excess of revenues over expenditures	(4,112)	
Net position - beginning of year	<u>47,655</u>	
Net position - end of year	<u>\$ 43,543</u>	

The accompanying notes are an integral part of the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

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

a) Reporting Entity

The District is governed by the laws of the State of New York. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the Chief Fiscal Officer and the Superintendent is the Chief Executive Officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Unit*. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity:

i) Extraclassroom Activity Funds:

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

b) Joint Venture

The District is a component district in Clinton-Essex-Warren-Washington BOCES. A Board of Cooperative Educational Services (BOCES) is a voluntary, cooperative association of school districts in a geographical area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Joint Venture (continued)

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)).

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

During the year, the District was billed \$710,024 for BOCES administrative and capital costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$2,477,685 of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$2,477,685.

The District's share of BOCES aid amounted to \$705,464.

Financial statements for the BOCES are available from the BOCES administrative office.

c) Basis of Presentation

i) District-wide statements

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

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Basis of Presentation (continued)

ii) Fund Statements

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

The District reports the following governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following:

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

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

Capital Projects Fund: These funds are used to account for the financial resources to be used for acquisition, construction or major repair to capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in a separate column in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used. There are two classes of fiduciary funds:

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

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

d) Measurement Focus and Basis of Accounting

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 15, 2019. Taxes are collected during the period September 1, 2019 to October 31, 2020.

Uncollectable real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District not later than the following April 1.

f) Restricted Resources

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

g) Interfund Transactions

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

g) Interfund Transactions (continued)

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

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

Refer to Note 6 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

h) Estimates

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

i) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

j) Accounts Receivable

Receivables are shown as gross. No allowance for uncollectible accounts has been provided since the District expects to collect the full amount.

k) Inventories

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

k) Inventories (continued)

A portion of the fund balance in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

l) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the District-wide statements are as follows:

		Capitalization Threshold	Depreciation Method	Estimated Useful life
Buildings and improvements	\$	5,000	Straight line	5-15 Years
Furniture & equipment	\$	5,000	Straight line	5-15 Years

m) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contribution to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effects of the net change in the actual and expected experience.

In addition to liabilities the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS Systems) and differences during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in the pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of net changes of assumption or other inputs. The third item is related to unearned revenue. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. The School District reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period. The fourth item is related to prepaid meals. The School District reports prepaid meals on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

n) Vested Employee Benefits - 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.

District employees are granted vacation in varying amounts, based primarily on length of services and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rate in effect at year-end.

In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

o) Other Benefits

Eligible district employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with provisions of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

p) Short-term Debt

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

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

q) Short-term Debt (continued)

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

r) Accrued Liabilities and Long-term Obligations

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

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

s) Equity Classifications

District-wide statements:

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

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

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

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

Fund statements:

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

Non-spendable– Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory in the School Lunch Fund of \$225,000.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. Restricted fund balance includes employee benefits in the general fund of \$225,000.

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2020.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In the funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had be restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds, excluding any reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance in the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances, and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

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

t) Future Changes in Accounting Standards

GASB Statement No. 84, *Fiduciary activities* – Effective for the year ending Jun 30, 2021

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

GASB Statement No. 89, *Accounting for interest cost incurred before the end of a construction period* - Effective for the year ending June 30, 2021

GASB Statement No. 90, *Accounting for financial reporting for majority equity interest* - Effective for the year ending June 30, 2021

GASB Statement No. 91, *Conduit Debt Obligations* - Effective for the year ending June 30, 2023

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the funds 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 Sheets, as applied to the reporting on capital assets and long-term liabilities, including pensions.

Explanation of difference between Governmental Fund Balance and District-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	1,745,357
Assets		
Long-term:		
Capital assets net of related depreciation		41,758,990
Net pension asset – proportionate share		1,539,245
Deferred outflows of resources:		
OPEB		14,205,003
Pensions		7,013,090
Liabilities:		
Long-term:		
Accrued interest		(21,126)
Bonds payable		(18,487,685)
Compensated absences		(5,667,025)
Other post-employment benefits		(110,548,798)
Net pension liability – proportionate share		(2,809,269)
Deferred inflows of resources:		
OPEB		(16,489,902)
Pensions		<u>(2,154,210)</u>
Ending net position reported in Statement of Position for governmental activities	\$	<u>(89,916,330)</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and District-wide Statements (continued)

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

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

- i) Long-term revenue and expense differences:

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

- ii) Capital related differences:

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

- iii) Long-term debt transaction differences:

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

- iv) Other post-employment benefits:

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

- v) Pension differences:

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statements and the District Wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$	36,949,205
Bond proceeds		<u>(2,477,685)</u>
 Total revenues of governmental activities in the Statement of Activities	 \$	 <u>34,471,520</u>
 Total expenditures reported in governmental funds	 \$	 36,476,897

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned were less than the amount used during the year.

614,169

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay		(448,032)
Current year depreciation		1,704,110

Repayment of bond and capital lease principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Principal		(3,195,000)
Accrued interest		21,126

The payment of other post-employment benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the annual OPEB cost exceeded the premiums paid.

2,120,167

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

1,613,088

Total expenses of governmental activities in the Statement of Activities	\$	<u>38,906,525</u>
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AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level.

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

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

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

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid. The District has no encumbrances as of June 30, 2020.

The capital projects fund has a fund deficit at June 30, 2020 of \$1,037,447. This is due to the bond anticipation notes recognized as a liability in the fund financial statements.

The District has a net position deficit of \$89,916,330 at June 30, 2020. This a result of the other post-employment benefits being fully unfunded.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk

Cash

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 for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

The District's aggregate bank balance (disclosed in the financial statements) included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	-
Collateralized securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	2,597,118

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$225,000 within the governmental funds and \$215,107 in the fiduciary funds.

Investments and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State, and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk (continued)

Custodial Credit Risk

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

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

Note 5. Receivables

Receivables at year-end for individual funds are as follows:

Description	General	Special Aid	Capital Projects	School Lunch	Total
Accounts receivable	\$ 130,580	\$ -	\$ -	\$ -	\$ 130,580
Due from other governments	317,459	-	-	-	317,459
State and federal aid	839,519	600,775	54,467	83,870	1,578,631
Total	<u>\$ 1,287,558</u>	<u>\$ 600,775</u>	<u>\$ 54,467</u>	<u>\$ 83,871</u>	<u>\$ 2,026,670</u>

District management has deemed the amounts be fully collectible.

Note 6. Interfund Balances and Activity

Interfund balances and activity at June 30, 2020 and for the fiscal year then ended, were as follows:

Fund	Interfund	
	Receivable	Payable
General Fund	\$ 943,152	-
School Lunch Fund	-	142,401
Special Aid Fund	-	600,775
Capital Projects Fund	-	170,557
Total Governmental Funds	<u>943,152</u>	<u>913,733</u>
Fiduciary	-	29,419
Total	<u>\$ 943,152</u>	<u>943,152</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 6. Interfund Balances and Activity

Transfer from	Transfer to	Amount	Purpose
General fund	Capital projects fund	\$ 286,637	Fund capital expenditures
General fund	Special aid fund	16,795	Fund special aid expenditures
General fund	School lunch fund	142,500	Fund school lunch fund
Total		<u>\$ 445,932</u>	

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Note 7. Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	6/30/19 Balance	Additions	Retirements Reclassify	6/30/20 Balance
Capital assets that are not depreciated:				
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
Total	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
Capital assets that are depreciated:				
Land improvements	4,426,849	-	-	4,426,849
Buildings and improvements	52,860,778	-	-	52,860,778
Infrastructure	87,000	-	-	87,000
Machinery and equipment	2,915,493	119,811	(72,454)	2,962,850
Vehicles	4,203,605	328,221	-	4,531,826
Total	<u>64,493,725</u>	<u>448,032</u>	<u>(72,454)</u>	<u>64,869,303</u>
Less accumulated depreciation:				
Land improvements	2,890,756	210,620	-	3,101,376
Building and improvements	13,661,377	1,032,588	-	14,693,965
Infrastructure	19,965	1,338	-	21,304
Machinery and equipment	2,195,054	170,223	(72,454)	2,292,822
Vehicles	2,766,505	289,341	-	3,055,846
Total	<u>21,533,657</u>	<u>1,704,110</u>	<u>(72,454)</u>	<u>23,165,313</u>
Total capital assets - net	<u>\$ 43,015,068</u>	<u>\$ (1,256,078)</u>	<u>\$ -</u>	<u>\$ 41,758,990</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,244,546
Instruction	170,223
Pupil transportation	289,341
	<u>\$ 1,704,110</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 8. Indebtedness

Short-term debt

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	Various	1.4300%	\$ 995,863	\$ 328,221	\$ 286,637	\$ 1,037,447

Interest paid on short-term debt for the year ended June 30, 2020 was \$22,806.

Long-term debt

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources. Serial bonds are backed by the full faith and credit of the District.

Long-term liability balances and activity for the year ended June 30, 2020 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Serial bond	\$ 19,205,000	\$ 2,477,685	3,195,000	18,487,685
Other liabilities:				
Compensated absences	5,052,856	614,169	-	5,667,025
Post –employment benefits	106,501,755	4,047,043	-	110,548,798
Net pension liability	712,385	2,096,884	-	2,809,269
	<u>\$ 131,471,996</u>	<u>\$ 9,235,781</u>	<u>3,195,000</u>	<u>137,512,777</u>

The general fund has typically been used to liquidate long-term liabilities such as compensated absences.

Bonds payable is comprised of the following:

<u>Description of Issue</u>	<u>Issue date</u>	<u>Final maturity</u>	<u>Interest rate</u>	<u>Original amount</u>	<u>Balance</u>
Serial bond	10/01/13	2026	2.00-3.75 %	\$ 4,335,000	\$ 2,170,000
Serial bond	6/24/15	2026	2.37-3.00 %	11,645,000	6,745,000
Serial bond	10/28/15	2022	2.00-3.00 %	5,600,000	2,220,000
Serial bond	6/23/16	2026	2.00 %	7,830,000	4,875,000
Serial bond	5/26/20	2035	2.00-2.25%	2,477,685	2,477,685
					18,487,685
Less current portion					(3,387,685)
Long-term portion					<u>\$ 15,100,000</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 8. Indebtedness (continued)

The following is a summary of maturing debt service requirements:

Years ended June 30	Principal	Interest	Total
2021	\$ 3,387,685	\$ 446,326	\$ 3,834,011
2022	3,490,000	367,206	3,857,206
2023	2,420,000	288,532	2,708,532
2024	2,475,000	230,588	2,705,588
2025	2,530,000	170,369	2,700,369
2026-2030	3,260,000	221,819	3,481,819
2031-2035	925,000	62,200	987,200
	\$ 18,487,685	\$ 1,787,040	\$ 20,274,725

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 463,475
Plus: interest accrued in current year	21,126
Interest expense	\$ 484,601

Note 9. Pension Plans

General Information:

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

Provisions and administration:

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS.

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund.

ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the NYSERS, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies:

The Systems are noncontributory except for the employees who joined after to July 27, 1976, who can contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale.

For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions to the ERS' fiscal year ended March 31. The District pays 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

The District's share of the required contribution based on covered payroll paid by the District's year end June 30, was:

June 30		ERS		TRS
2020	\$	457,743	\$	1,050,245
2019		461,787		1,010,429

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

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

This information was provided by the ERS and TRS System in reports provided to the District.

	ERS	TRS
Actuarial valuation date	4/1/19	6/30/18
Net pension asset/(liability)	\$ (2,809,269)	1,539,245
District's portion of the Plan's total net pension asset/(liability)	0.0106088%	0.059247%

For the year ended June 30, 2020 the District's recognized pension expense of \$1,013,358 for ERS and \$1,958,812 for TRS. At June 30, 2020, the District's reported deferred outflows of and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 165,337	\$ 1,043,107	\$ -	\$ 114,461
Changes of assumptions	56,565	2,907,839	48,843	709,014
Net difference between projected and actual earnings on pension plan investments	1,440,168	-	-	1,234,395
Changes in proportion and differences between the District's contributions and proportionate share of contributions	159,095	340,732	15,017	32,481
District's contributions subsequent to the measurement date	-	900,247	-	-
Total	\$ 1,821,165	\$ 5,191,925	\$ 63,860	\$ 2,090,350

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2021 ERS and June 30, 2020 for TRS. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS		TRS
Year ended:			
2020	\$ -	\$	751,647
2021	319,713		99,457
2022	447,030		749,123
2023	556,466		514,636
2024	434,095		92,345
Thereafter	-		(5,879)
Total	\$ 1,757,304	\$	2,201,329

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:

	ERS		TRS
Measurement date	March 31, 2020		June 30, 2019
Actuarial valuation date	April 1, 2019		June 30, 2018
Interest rate	6.80%		7.10%
Salary scale	4.50%		1.90%-4.72%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience		July 1, 2009 - June 30, 2014 Systems Experience
Inflation rate	2.50%		2.20%
Cost of living adjustment	1.30%		1.30%

For TRS, annuitant mortality rates are based on the July 1, 2009 – June 30, 2014 Systems' experience with adjustments for mortality improvements based on a Society of Actuaries' Scale MP2018. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019.

For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. For ERS, the actuarial assumption used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

For ERS, 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 target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates for each major asset class included in the target asset allocation are summarized as follows:

ERS	Target allocation	Long-term expected real rate of return
	2019	2019
Asset type		
Domestic equity	36.0%	4.55%
International equity	14.0	6.35
Private equity	10.0	7.50
Real estate	10.0	5.55
Absolute return strategies	2.0	3.75
Opportunistic portfolio	3.0	5.68
Real assets	3.0	5.29
Bond and mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation-indexed bonds	4.0	1.25
	100.0%	

Real rates of return are net of the long-term inflation assumption of 2.50% for 2019.

TRS	Target allocation	Long-term expected real rate of return
	2019	2019
Asset type		
Domestic equity	33.0%	6.3%
International equity	16.0	7.8
Private equity	8.0	9.9
Real estate	11.0	4.6
Global Equity	4.0	7.2
Domestic fixed income securities	16.0	1.3
Global bonds	2.0	0.9
High yield bonds	1.0	3.6
Cash	1.0	0.3
Private Debt	1.0	6.5
Real Estate Debt	7.0	2.9
	100.0%	

Real rates of return are net of the long-term inflation assumption of 2.2% for 2019.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Discount rate

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% 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.

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 6.80% for ERS and 7.10% 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 (5.80% for ERS and 6.10% for TRS) or 1 percentage point higher (7.80% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (5.80%)	Current discount rate (6.80%)	1% Increase (7.80%)
Employer's proportionate share of the net pension asset (liability)	\$ (5,155,802)	\$ (2,809,269)	\$ (648,102)
TRS	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset (liability)	\$ (6,947,991)	\$ 1,539,245	\$ 8,659,078

Change of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset (liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$1,013,358 for ERS and \$1,958,812 for TRS.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

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, 2020 represent the projected employer contributions for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$121,450.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October, and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 base 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, 2020 amounted to \$900,247.

Note 10. Post-Employment Benefits

A. General information about the OPEB Plan

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

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

Employee Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	201
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	<u>256</u>
	<u>457</u>

B. Total OPEB Liability

The District's total OPEB liability of \$110,548,798 was measured as July 1, 2019 and was determined by an actuarial valuation as of July 1, 2018. Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

Inflation	2.4%
Salary Increases	3.0%
Discount Rate	3.5%
Healthcare Cost Trend Rates	7.0% for 2020, decreasing varies per year to an ultimate rate of 3.94% for 2089 and later years
Retirees' Share of Benefit-Related Cost	All current and future retirees receive 100% paid coverage from the District for individual or family medical coverage. Surviving spouses can continue coverage by paying 100% of the health plan premium.

The discount rate was based on Bond Buyer Weekly 20 - Bond Go Index.

Mortality rates were based on the RPH – 2014 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2018.

C. Changes in the Total OPEB Liability

Balance at July 1, 2018	\$ <u>106,501,755</u>
<u>Changes for the Year -</u>	
Service Cost	3,354,897
Interest	4,197,071
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(694,490)
Benefits payments	<u>(2,810,435)</u>
Net Changes	<u>4,047,043</u>
Balance at July 1, 2019	\$ <u>110,548,798</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Current discount rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ <u>130,386,073</u>	<u>110,548,798</u>	<u>94,721,942</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$ <u>92,304,846</u>	<u>110,548,798</u>	<u>134,154,770</u>

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

For the year ended June 30, 2020, the District recognized an OPEB expense of \$5,086,859. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 11,238,309	-
Changes of assumptions or other inputs	-	16,489,902
Employer contribution subsequent to the measurement date (Expected employer contribution including implicit subsidy)	<u>2,966,694</u>	<u>-</u>
Total	\$ <u>14,205,003</u>	<u>16,498,902</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (2,465,109)
2022	(2,465,109)
2023	(784,627)
2024	515,882
2025	(52,630)
2026 and thereafter	<u>-</u>
	\$ <u>(5,251,593)</u>

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 11. Commitments and Contingencies

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component Districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made.

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowance and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowance, if any, will be immaterial.

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on individuals served by the District, both of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Note 12. Risk Management

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

Note 13. Subsequent Events

The District has evaluated events and transactions that occurred between June 30, 2020 and September 4, 2020 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget to Actual - General Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
Revenues					
Local sources:					
Real property taxes	\$ 12,760,004	\$ 12,760,004	\$ 12,757,012	\$ -	\$ (2,992)
Other tax items	1,436,996	1,436,996	1,464,236	-	27,240
Charges for services	347,500	347,500	155,704	-	(191,796)
Use of money and property	31,800	31,800	25,196	-	(6,604)
Miscellaneous	75,000	75,000	69,772	-	(5,228)
Total local sources	14,651,300	14,651,300	14,471,920	-	(179,380)
State sources	18,157,944	18,157,944	18,008,405	-	(149,539)
Other financing sources					
Prior year's encumbrances	-	69,421	-	-	(69,421)
Appropriated fund balance	1,051,700	1,051,700	-	-	(1,051,700)
Total revenues and other financing sources	33,860,944	33,930,365	32,480,325	-	(1,450,040)
Expenditures					
General support:					
Board of education	23,200	23,200	20,867	-	2,333
Central administration	355,585	362,626	360,780	-	1,846
Finance	308,278	327,691	319,007	-	8,684
Staff	56,500	40,746	23,300	-	17,446
Central services	1,702,219	1,775,220	1,654,402	-	120,818
Special items	886,742	879,193	831,976	-	47,217
Total general support	3,332,524	3,408,676	3,210,332	-	198,344
Instruction:					
Instruction, administration and improvement	728,941	727,687	653,039	-	74,648
Teaching - regular school	7,366,398	7,356,679	6,814,408	-	542,271
Programs for children with handicapping conditions	3,060,880	3,033,577	2,485,886	-	547,691
Occupational education	522,000	528,145	528,145	-	-
Instructional media	627,677	644,699	600,163	-	44,536
Pupil services	1,115,947	1,117,325	1,006,686	-	110,639
Total instruction	13,421,843	13,408,112	12,088,327	-	1,319,785
Pupil transportation	1,702,479	1,708,479	1,505,396	-	203,083
Culture and recreation	8,700	8,700	-	-	8,700
Community services	42,000	43,000	43,000	-	-
Employee benefits	11,271,923	11,218,923	10,983,945	-	234,978
Debt service:					
Principal	3,195,000	3,195,000	3,195,000	-	-
Interest	486,280	486,280	486,280	-	-
Other financing uses					
Transfers to other funds	400,195	453,195	445,932	-	7,263
Total expenditures and other financing uses	33,860,944	33,930,365	31,958,212	-	1,972,153
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 522,113	\$ -	\$ 522,113

See Independent Auditor's Report.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Schedule of Funding Progress for the Retiree Health Plan
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	7/1/2019	7/1/2018	7/1/2017
<i>Total OPEB liability</i>			
Service cost	\$ 3,354,897	\$ 2,696,451	\$ 3,269,400
Interest	4,197,071	3,445,229	3,242,184
Changes in benefit terms	-	-	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-	17,829,695	-
Changes of assumption or other inputs	(694,490)	(9,328,664)	(21,768,070)
Benefit payments	<u>(2,810,435)</u>	<u>(2,290,626)</u>	<u>(2,170,565)</u>
Net change in total OPEB liability	4,047,043	12,352,085	(17,427,051)
Total OPEB liability - beginning	<u>106,501,755</u>	<u>94,149,670</u>	<u>111,576,723</u>
Total OPEB liability - ending	\$ <u><u>110,548,798</u></u>	\$ <u><u>106,501,755</u></u>	\$ <u><u>94,149,672</u></u>
Covered payroll	\$ <u><u>14,025,157</u></u>	\$ <u><u>14,364,974</u></u>	<u><u>13,716,500</u></u>
Total OPEB liability as a percentage of covered payroll	788%	741%	686%

Notes:

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

10 years of historical information will not be available upon implementation. An additional year of historical data will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Information should be presented about factors that significantly affect trends in the amounts reported - for example, changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

See Independent Auditor's Report.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset/Liability
Year Ended June 30, 2020

Teachers' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
AuSable Valley Central School's proportion of the net pension asset or liability	0.059247%	0.063298%	0.062665%	0.064303%	0.064607%	0.065395%
AuSable Valley Central School's proportionate share of the net pension asset (liability)	\$ 1,539,245	\$ 1,144,591	\$ 476,316	\$ (688,711)	\$ 6,710,627	\$ 7,284,591
AuSable Valley Central School's covered-employee payroll	\$ 9,702,158	\$ 9,890,246	\$ 10,305,830	\$ 9,933,113	\$ 9,917,897	\$ 9,704,656
AuSable Valley Central School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.9%	11.6%	-4.6%	6.9%	-67.7%	-75.1%

Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015
AuSable Valley Central School's proportion of the net pension asset or liability	0.0106088%	0.0100544%	0.0093667%	0.0099669%	0.0101892%	0.010363%
AuSable Valley Central School's proportionate share of the net pension asset (liability)	\$ (2,809,269)	\$ (712,385)	\$ (302,304)	\$ (936,516)	\$ (1,635,401)	\$ (468,302)
AuSable Valley Central School's covered-employee payroll	\$ 3,469,673	\$ 3,603,295	\$ 3,501,685	\$ 3,221,797	\$ 2,696,268	\$ 2,827,261
AuSable Valley Central School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-81.0%	-19.8% #	8.6%	29.1%	60.6%	16.5%

Notes:

Within this statement, the measure of covered-employee payroll should include the payroll on which contributions to the pension plan are based, for each measurement year.

10 years of historical information will not be available upon implementation. An additional year of historical data will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Information should be presented about factors that significantly affect trends in the amounts reported - for example, changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or use of different assumptions.

See Independent Auditor's Report.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Schedule of District's Contributions
June 30, 2020

Teachers' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution: \$	900,247	\$ 1,050,344	\$ 1,009,971	\$ 1,315,734	\$ 1,701,265	\$ 1,569,726
Contributions in relation to the contractually required contribution	\$ <u>900,247</u>	\$ <u>1,050,344</u>	\$ <u>1,009,971</u>	\$ <u>1,315,734</u>	\$ <u>1,701,265</u>	\$ <u>1,569,726</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 9,702,158	9,890,246	\$ 10,305,830	\$ 9,933,113	\$ 9,917,897	\$ 9,704,656
Contributions as a percentage of covered-employee payroll	9.3%	10.6%	9.8%	13.2%	17.2%	16.2%

Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution: \$	466,973	\$ 461,787	\$ 431,848	\$ 435,349	\$ 593,313	\$ 500,142
Contributions in relation to the contractually required contribution	\$ <u>466,973</u>	\$ <u>461,787</u>	\$ <u>431,848</u>	\$ <u>435,349</u>	\$ <u>593,313</u>	\$ <u>500,142</u>
Contribution deficiency (excess)	\$ <u>-</u>					
Covered-employee payroll	\$ 3,469,673	3,603,295	\$ 3,501,685	\$ 3,221,797	\$ 2,696,268	\$ 2,287,261
Contributions as a percentage of covered-employee payroll	13.5%	12.8%	12.3%	13.5%	22.0%	21.9%

Notes:

Within this statement, the measure of covered-employee payroll should include the payroll on which contributions to the pension plan are based, for each measurement year.

10 years of historical information will not be available upon implementation. An additional year of historical data will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Information should be presented about factors that significantly affect trends in the amounts reported - for example, changes in benefit terms, changes in the size or composition of the population covered by the benefit terms, or use of different assumptions.

See Independent Auditor's Report.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Schedule of Change from Adopted Budget to Final
and the Real Property Tax Limit
Year Ended June 30, 2020

Change from adopted budget to final budget

Original budget		\$ 33,860,944
Additions:		
Encumbrances - fiscal year 2019		<u>69,421</u>
Revised budget		<u>\$ 33,930,365</u>

Section 1318 of Real Property Tax Law Limit Calculation

2020-2021 expenditure budget		\$ 34,210,242
Maximum allowed (4% of 2020-2021 budget)		<u>1,368,410</u>
General Fund fund balance subject to section 1318 of real property tax law:		<u>1,665,972</u>
Unrestricted fund balance:		
Assigned fund balance	\$ 875,000	
Unassigned fund balance		<u>1,665,972</u>
Total unrestricted fund balance	\$	<u>2,540,972</u>
Less:		
Appropriated fund balance	\$ 875,000	
Encumbrances included in committed and assigned fund balance		<u>-</u>
Total adjustments	\$	<u>875,000</u>
General Fund fund balance subject to section 1318 of real property tax law	\$	<u>1,665,972</u>

See Independent Auditor's Report.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
Year Ended June 30, 2020

Capital assets, net	\$ 41,758,990
Deduct:	
Bond anticipation notes	1,037,477
Short-term portion of bonds payable	3,250,000
Long-term portion of bonds payable	<u>12,760,000</u>
Net investment in capital assets	<u>\$ 24,711,513</u>

See Independent Auditor's Report.

Independent Auditor's Report

To the Board of Education
AuSable Valley Central School District
Clintonville, New York 12924

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the AuSable Valley Central School District as of and for the year ended June 30, 2020.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Extraclassroom Activity Funds of the AuSable Valley Central School District, as of June 30, 2020, and its receipts, disbursements, and ending balances thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Telling & Associates, CPA, P.C.

Telling & Associates, CPA PC
License # 092-0000692
Middlebury, Vermont
September 4, 2020

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund
Statement of Assets, Liabilities, and Fund Balance - Cash Basis
Year Ended June 30, 2020

Assets		
Cash		\$ 81,269
Total assets		<u>\$ 81,269</u>
Liabilities		
Extraclassroom activity balances		\$ 81,269
Total liabilities		<u>\$ 81,269</u>

See the accompanying notes to the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund
Statement of Receipts, Disbursements, and Ending Balances - Cash Basis
Year Ended June 30, 2020

	July 1, 2019	Total Receipts	Total Payments	June 30, 2020
Class of 2019	\$ 4,471	\$ -	\$ 4,471	\$ -
Class of 2020	5,736	15,277	13,932	7,081
Class of 2021	3,824	7,343	3,232	7,935
Class of 2022	2,145	1,832	1,054	2,923
Class of 2023	-	5,269	3,992	1,277
Character Council	8,770	2,809	3,501	8,078
Band	9,139	4,485	3,340	10,284
Drama Club	18,290	21,752	25,484	14,558
French Club	3,868	-	-	3,868
Honor Society	151	550	450	251
Valley Voices	5,955	1,008	2,607	4,356
Key Club	561	679	-	1,240
Model UN	9,131	3,363	7,826	4,668
SADD/Youth-to-Youth	1,980	187	100	2,067
Sales tax	803	2,667	2,893	577
Spanish Club	850	251	-	1,101
Student Council	3,946	3,793	3,561	4,178
Yearbook	3,534	3,185	-	6,719
Gender & Sexuality Alliance	-	108	-	108
Totals	\$ 83,154	\$ 74,558	\$ 76,443	\$ 81,269

See the accompanying notes to the financial statements.

AUSABLE VALLEY CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds
Note to the Financial Statement

Note 1. Summary of Significant Accounting Policies

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of AuSable Valley Central School District. Consequently, such transactions are not included in the general purpose financial statements of the school district. Year-end cash balances are, however, reported in the general purpose financial statements as restricted cash and as extraclassroom activity balances, a liability, in the Trust and Agency Fund.

The books and records of the AuSable Valley Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.