

GREENVILLE CENTRAL SCHOOL DISTRICT

**Financial Statements and
Required Reports as of
June 30, 2017
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

September 11, 2017

The Board of Education of
Greenville Central School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greenville Central School District (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

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 Greenville Central School District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as required by the New York State Education Department and the individual nonmajor fund financial statements, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

GREENVILLE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2017

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2017. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Government-wide net position of the School District were \$5,838,456.
- Government-wide net position was \$288,807 less than at July 1, 2016.
- The increase in the net OPEB (Other Post-Employment Benefits) liability in this fiscal year was \$2,619,999.
- Net position remains positive at \$5,838,456.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operation in more detail than the entity-wide statements.
- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-1: Organization of the District's Annual Financial Report

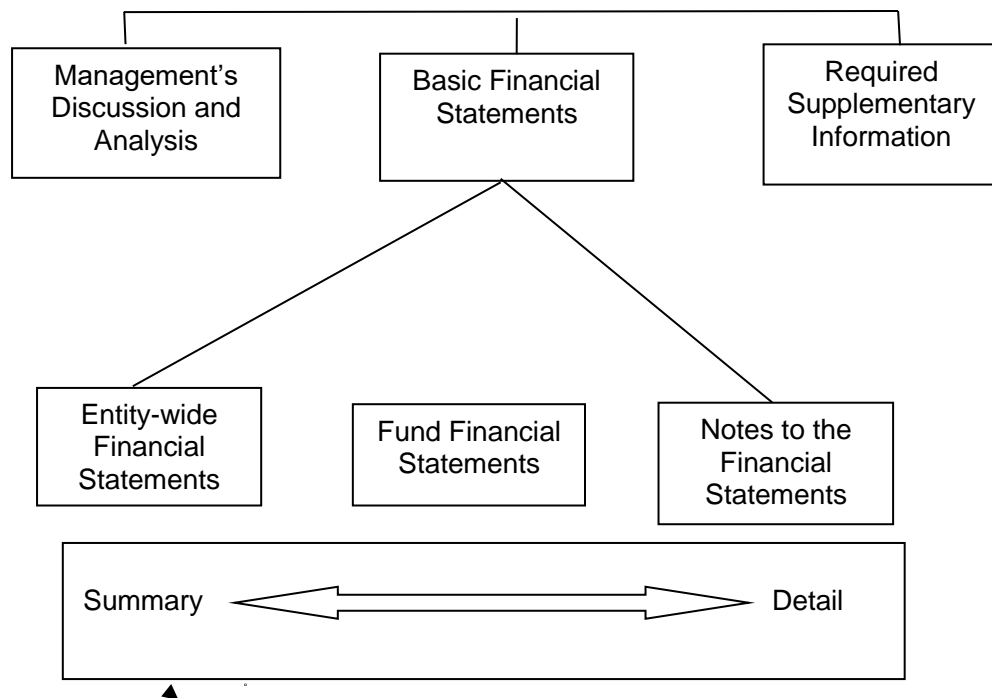


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-2 Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances. 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset & deferred outflow/liability & deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/out flow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

District-Wide Statements

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

The two District-wide statements report the School District's *net position* and how they have changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors, such as changes in the property tax bases and the condition of buildings and other facilities, should be considered.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

District-Wide Statements (Continued)

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated in the governmental fund financial statements. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net position invested in capital assets.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is a net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- *Governmental Funds:* Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- *Fiduciary Funds:* The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position as of June 30, 2017 are detailed in Tables A-3 and A-4.

Table A-3 Condensed Statement of Net Position (In Thousands of Dollars)

	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Percent <u>Change</u>
Current and other assets	\$ 7,292	\$ 7,991	-8.7%
Non current assets	<u>27,780</u>	<u>33,827</u>	<u>-17.9%</u>
Total assets	<u>35,072</u>	<u>41,818</u>	<u>-16.1%</u>
Deferred outflows of resources	<u>8,006</u>	<u>3,198</u>	<u>150.3%</u>
Current liabilities	2,962	3,696	-19.9%
Long-term liabilities	<u>33,863</u>	<u>32,455</u>	<u>4.3%</u>
Total liabilities	<u>36,825</u>	<u>36,151</u>	<u>1.9%</u>
Deferred inflows of resources	<u>415</u>	<u>2,737</u>	<u>84.8%</u>
Net position:			
Investment in capital assets	15,990	13,533	18.2%
Restricted	2,055	3,072	-33.1%
Unrestricted	<u>(12,207)</u>	<u>(10,477)</u>	<u>16.5%</u>
Total net position	<u>\$ 5,838</u>	<u>\$ 6,128</u>	<u>-4.7%</u>

During 2017, the District's net position decreased by \$ 288,807. (See Table A-3).

Deferred outflows of resources relate primarily to the pension contributions made after the plan measurement date.

The increase in liabilities can be attributed primarily to the annual Other Post Employment Benefit accrual and GASB 68 related liabilities of Net Pension Liability.

Deferred Inflows of Resources relate primarily to the GASB 68 deferred activity which is detailed in the accompanying notes.

Changes in Net Position

The District's fiscal year 2017 revenue totaled \$30,471,518 (see Table A-4). Property taxes and state aid accounted for most of the District's revenue by contributing 48% and 38% respectively, of every dollar raised (see Table A-5). The remainder came from fees charged for services, tuition for foster students, interest earnings, Federal sources, Medicaid reimbursement, and other miscellaneous sources.

The total cost of all programs and services totaled \$30,760,325 in 2017. 77% of this amount is used predominantly to support general instruction, the provision of services to students with disabilities, and student transportation (see Table A-6). The District's Board of Education, administrative, and business activities accounted for 13% of total costs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Changes in Net Position (Continued)

Table A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)

	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Percent <u>Change</u>
<u>Revenue</u>			
Charges for services	\$ 657	\$ 404	62.6%
Operating grants	1,112	946	17.5%
General revenue:			
Real property taxes	16,309	16,159	0.9%
Use of money and property	23	143	-83.9%
Sale of property/compensation for loss	243	-	>100%
State sources	11,715	10,986	6.6%
Food sales and surplus	222	239	-7.1%
Other	178	182	-2.2%
	<u>30,459</u>	<u>29,059</u>	<u>4.8%</u>
Total revenue	<u>30,459</u>	<u>29,059</u>	<u>4.8%</u>
<u>Expenses</u>			
General support	3,981	3,708	7.4%
Instruction	23,770	22,282	6.7%
Pupil transportation	2,256	2,091	7.9%
Debt service	276	232	19.0%
School lunch program	476	449	6.0%
	<u>30,759</u>	<u>28,762</u>	<u>6.9%</u>
Total expenses	<u>30,759</u>	<u>28,762</u>	<u>6.9%</u>
Increase in net position	<u>\$ (300)</u>	<u>\$ 297</u>	<u>-201.0%</u>

Significant changes in revenue from 2015/2016 to 2016/2017 school year include:

- Increase in Real property taxes and other tax items of approximately \$150 thousand
- Increase in Tuition from other districts of approximately \$253 thousand
- Increase in Total state aid of approximately \$729 thousand
- Increase in State and federal meal reimbursements of approximately \$101 thousand

Significant changes in Expenditures from 2015/2016 to 2016/2017 school year include:

- Contractual salary increases and related payroll expenses (i.e., Social Security)
- Increase in the cost of health insurance
- Salary and benefit costs offset by retirements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table A-5 Sources of Revenue for Fiscal Year 2017:

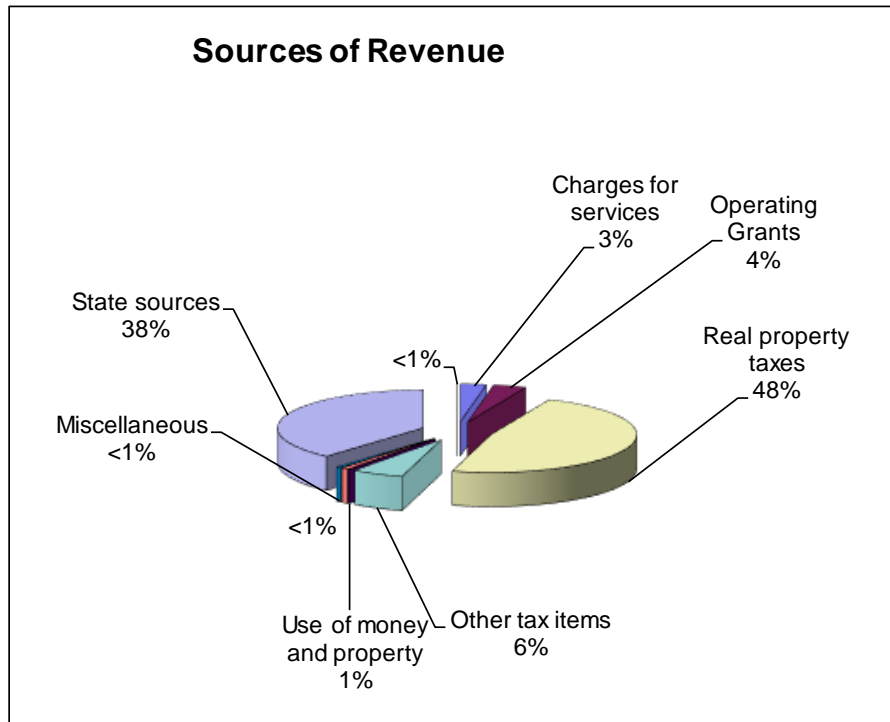
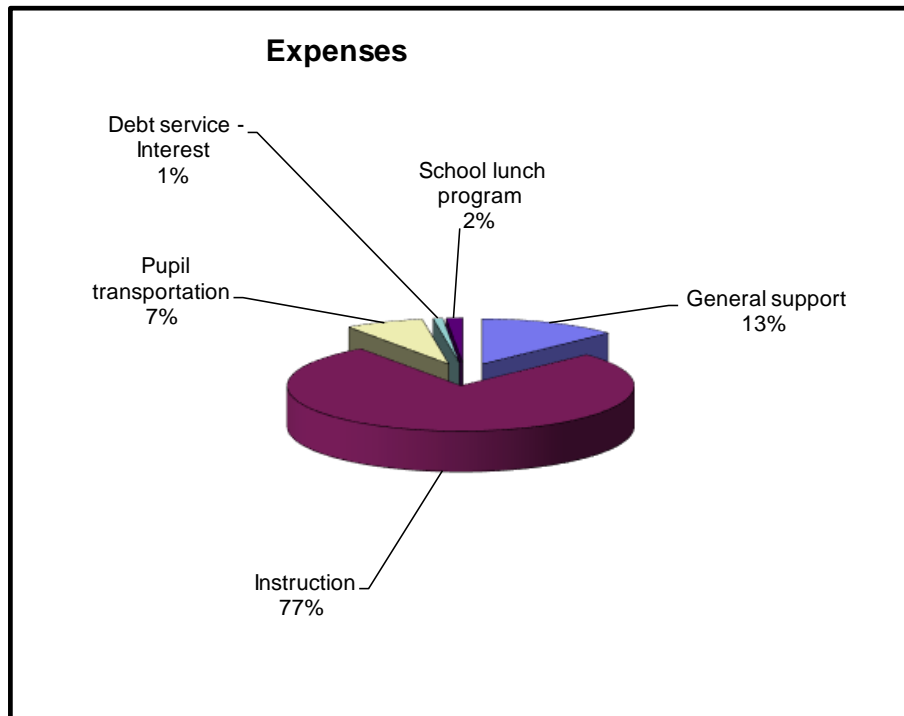


Table A-6 Expenditures for Fiscal Year 2017:



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the District's governmental activities totaled \$30,471,518 or 1.5% more than the previous fiscal year. Total expenses equaled \$30,760,325 or 5.8% more than the previous fiscal year. The net result of the change in the District's financial condition can be credited to:

- Net changes to revenues and expenditures as detailed in the financial highlights, resulted in a decrease to fund balance.

Table A-7 presents the cost of five major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Table A-7 Net Cost of Governmental Activities

<u>Category</u>	<u>2017</u>		<u>2016</u>	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
General support	\$ 3,981	\$ 3,981	\$ 3,708	\$ 3,708
Instruction	23,770	22,206	22,282	21,039
Pupil transportation	2,256	2,256	2,091	2,091
Debt service	276	276	232	232
School lunch	<u>476</u>	<u>50</u>	<u>449</u>	<u>103</u>
Total	<u>\$ 30,759</u>	<u>\$ 28,769</u>	<u>\$ 28,762</u>	<u>\$ 27,173</u>

- The total cost of all governmental activities this year was \$30,760,325.
- The users of the District's programs financed \$ 878,696 of the cost.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$1,112,257.
- Most of the District's net costs, \$28,769,372, were financed by taxpayers and state aid.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Governmental Funds Highlights

General Fund – It has been a challenging year with both the continued reductions in state aid and the restrictions of the property tax cap. Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the next years' budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education law of GML) are excluded from the 4 percent limitation.

- The Districts unassigned fund balance: Went from 4.0% - \$1,177,351 (June 30, 2016) to 3.9% - \$1,175,483 (June 30, 2017). The fiscal importance of a favorable fund balance at the end of the year has a major impact on both the computation of the tax levy, meeting emergencies, bond rating and cash flow.
- This funding source should not be used for an expense that cannot be sustained. The funding is projected to be needed to support the budgets in the coming years.

Fund Balance – Restricted (June 30, 2017 Balances)

The District had the following restricted fund balance reserves at year end:

Workers Compensation Reserve	\$ 80,653
Unemployment Reserve Fund	\$ 187,114
Reserve for Retirement Contributions	\$ 386,952
Debt Service	\$ 124,801
Reserve for Employee Benefits and Accrued Liabilities	\$ 191,822
Capital Reserve	\$ 183,446
Total	<u>\$ 1,029,987</u>

Special Aid Fund – During this period (2015/2016 to 2016/2017), State and Federal Aid reported in the Special Aid Fund reflected an overall increase of \$80,144. Most of the district's state and federal grant allocations increased from the previous year. The Federal grants (Title I, IDEA etc.) help to offset the cost of salary and benefits.

School Lunch Fund – In an effort to become self-supporting the District previously:

- Reduced positions/hours
- Moved towards a shared service model, reducing administrative costs
- Negotiated a change in the prescription drug plan (for 3 employees who currently have insurance under the food service program).

In an effort to increase participation and revenue the District opted out of the National School Lunch Program for the secondary campus in both the 2014/2015 and 2015/2016 school years. The revenue for the increase in participation did not offset the loss in Federal and State aid in either year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

School Lunch Fund (Continued)

The district opted back into the National School Lunch Program in the 2016/17 school year as the service proved it could not be self-sufficient without the assistance of federal and state funding.

The School lunch fund for the 2016/2017 started with a negative fund balance of \$9,516. The program for the first time in many years ended with a profit of \$11,295. After the budgeted subsidy of \$85,000 was applied, the 2016/2017 year-end fund balance is \$86,865.

The District (2017/2018 budget) for the first time in over ten years did not need to budget a subsidy.

Capital Projects Fund - The district's annual budget line item increased from \$220,000 to \$320,000.

The 2016/2017 budget is to supplement Smart School Bonds Act Capital Improvements, which will construct, enhance, and modernize educational facilities and provide instructional space to replace classroom trailers. The District was allocated \$1,058,561 in funding by New York State.

Adherence to long-range financial plans is considered a reflection of good forecasting and planning. The District's most significant built asset/investment in our mission to educate students is our buildings, with the buildings comes the responsibility to monitor, maintain and make repairs to the buildings. Neglecting critical capital needs may impede economic growth and endanger future tax revenues. Although some capital projects are discretionary and can be deferred in difficult economic periods, the failure to maintain existing facilities can create a backlog of projects.

In December 2016, the District finalized the \$10,345,000 capital project bond issue which allowed the district to connect to the Town of Greenville sewer connection, replace/repair roofs and technology, and security and energy upgrades.

On May 16, 2017 the District residents approved the proposed \$9,585,000 capital project (\$8,640,000 bond issue) which will allow the District to complete educational renovations, building renovations and improvements, and field and site work. The construction is scheduled to begin June 2018 and is scheduled to be completed by Fall of 2019. Existing budgeted funds for annual capital work will be used for future principal and interest payments.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

Revenue Variances

- Charges for Services (revenues) were \$376,060 more than budgeted due to increased usage of Day School Tuition. (Inter-municipal agreements with other school districts).
- E-Rate – shows an increase of \$10,993 (\$16,000 was budgeted for the 2016/2017 year).
- Miscellaneous revenues were \$56,750 less than budgeted due to a decrease in the amount of BOCES surplus the district was refunded. This amount was then offset by additional revenue received from Medicaid, Medicare subsidy, health insurance refunds, Special Education student related revenue and health services.
- Total State aid was under-budgeted in the amount of \$5,671. \$46,290 of our State Aid allocation was reduced due to education costs for certain students under the care and custody of State Agency(s) (deduct of local share). If the district did not have these reductions to state aid, the District would have been over-budgeted by \$40,619.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

General Fund Budgetary Highlights (Continued)

Expenditure Variances

- General expenditures and year-end encumbrances were \$689,322 less than what was budgeted. Of this amount, \$490,000 was "budgeted" under the benefit codes for a year end assigned appropriated Fund Balance. The actual year end assigned appropriated fund balance for the 2016/2017 is \$779,978. These Funds become part of the 2017/2018 Budget.

Capital Assets

By the end of 2017, the District had an investment of \$27,780,493 in a broad range of capital assets.

Table A-8: Capital Assets (net of accumulated depreciation)

<u>Category</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Percent Change</u>
Land	\$ 157	\$ 157	0.0%
Buildings and land improvements	25,674	24,196	6.1%
Machinery and equipment	998	987	1.1%
Vehicles	952	1,207	-21.1%
Total	<u>\$ 27,781</u>	<u>\$ 26,547</u>	<u>4.6%</u>

Long-Term Liabilities

At year-end, the District had \$33,862,677 of long-term liabilities outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9: Outstanding Long-Term Liabilities

<u>Category</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
General obligation bonds	\$ 10,575	\$ 11,671
Other post employment benefits	21,391	18,771
Other long-term liabilities	<u>1,897</u>	<u>2,015</u>
Total	<u>\$ 33,863</u>	<u>\$ 32,457</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

General Fund Budgetary Highlights (Continued)

At the time these financial statements were prepared and audited, the District continues to be aware of the following existing circumstances that could affect its future financial health (both positive and negative):

- The District's long term budget goal is to reduce the reliance of Appropriated Fund balance in future years. Due to the elimination of the GEA in the 2016/2017 school year, the district was able to allocate \$132,759 less in appropriated fund balance for the 2017/2018 school year.
- The cost of Health Insurance continues to increase even though the rates of the RCG Health Insurance Trust have remained relatively stable over the last few years.
 - The RCG Health Insurance Trust conducted an RFP for the prescription drug provider and in the 16/17 school year changed the provider and adopted a restricted formulary. (This resulted in a savings for the District)
 - In January 2018 faculty and staff will move from the 812 Blue Shield medical plan to the 815 plan. (This will result in a savings for the District)
 - Changes under the Affordable Care Act will affect school districts. The District may need to offer insurance to employees who don't currently receive insurance and/or pay a penalty if an employee goes to the exchange and receives a subsidy.
- Post-retirement (Health Care) costs will continue to increase.
- Over \$300,000 in one time revenue used to support the 2016/2017 budget.
- Low interest rates continue to decrease the District's interest earnings.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Tammy J. Sutherland
Superintendent of Schools
Greenville Central School District Office
PO Box 129
Greenville, NY 12083
Email: sutherlandt@greenville.k12.ny.us

GREENVILLE CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2017****ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

CURRENT ASSETS:

Cash - Unrestricted	\$ 5,292,358
Cash - Restricted	1,029,982
State and federal aid receivable	817,121
Accounts receivable	133,800
Due from fiduciary fund	114
Inventories	<u>18,341</u>

Total current assets 7,291,716

NON CURRENT ASSETS:

Net pension asset - TRS	-
Capital assets, net	<u>27,780,493</u>

Total non current assets 27,780,493

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows of resources - pensions	<u>8,005,900</u>
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Total deferred outflows of resources 8,005,900

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

43,078,109

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	276,093
Accrued interest	18,221
Due to other governments	15,114
Due to Teachers' Retirement System	1,295,959
Due to Employees' Retirement System	136,703
Unearned revenue	5,188
Current portion of long term debt	<u>1,215,000</u>

Total current liabilities 2,962,278

LONG-TERM LIABILITIES:

Bonds payable, net of current portion	10,575,000
Net pension liability	1,731,406
Other post-employment benefits	21,390,744
Compensated absences payable	<u>165,527</u>

Total long-term liabilities 33,862,677

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources - pensions	<u>414,698</u>
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Total deferred inflows of resources 414,698

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

37,239,653

NET POSITION

Net Investment in capital assets	15,990,493
Restricted	2,055,296
Unrestricted	<u>(12,207,333)</u>

TOTAL NET POSITION \$ 5,838,456

GREENVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

		<u>Program Revenue</u>		Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	Revenue and
		<u>Services</u>	<u>Grants</u>	Changes in
				<u>Net Position</u>
FUNCTIONS/PROGRAMS:				
General support	\$ 3,981,655	\$ -	\$ -	\$ (3,981,655)
Instruction	23,770,098	656,807	907,231	(22,206,060)
Pupil transportation	2,256,311	-	-	(2,256,311)
Debt service - Interest	275,771	-	-	(275,771)
School lunch program	<u>476,490</u>	<u>221,889</u>	<u>205,026</u>	<u>(49,575)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 30,760,325</u>	<u>\$ 878,696</u>	<u>\$ 1,112,257</u>	<u>(28,769,372)</u>
GENERAL REVENUE:				
Real property taxes				14,552,173
Other tax Items				1,756,589
Use of money and property				22,511
Sale of property and compensation for loss				242,804
Miscellaneous				177,608
Medicaid Reimbursement				13,502
State sources				<u>11,715,378</u>
TOTAL GENERAL REVENUE				<u>28,480,565</u>
CHANGE IN NET POSITION				<u>(288,807)</u>
NET POSITION - beginning of year				<u>6,127,263</u>
TOTAL NET POSITION - end of year				<u>\$ 5,838,456</u>

The accompanying notes are an integral part of these statements.

GREENVILLE CENTRAL SCHOOL DISTRICT

**BALANCE SHEETS - GOVERNMENTAL FUNDS AND RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO GOVERNMENT-WIDE FINANCIAL POSITION
JUNE 30, 2017**

	Governmental Fund Types			Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	
ASSETS				
Cash - Unrestricted	\$ 4,183,287	\$ -	\$ 79,084	\$ 4,262,371
Cash - Restricted	1,029,987	1,029,982	-	2,059,969
Accounts receivable	132,326	-	1,474	133,800
Due from other funds	101,891	-	124,801	226,692
State and federal aid receivable	714,378	-	102,743	817,121
Inventory	-	-	18,341	18,341
TOTAL ASSETS	\$ 6,161,869	\$ 1,029,982	\$ 326,443	\$ 7,518,294
LIABILITIES				
Accounts payable and accrued liabilities	\$ 266,458	\$ 3,539	\$ 6,096	\$ 276,093
Due to other funds	-	125,935	100,643	226,578
Due to other governments	14,437	-	677	15,114
Due to Teachers' Retirement System	1,295,959	-	-	1,295,959
Due to Employees' Retirement System	136,703	-	-	136,703
Unearned revenue	-	-	5,188	5,188
TOTAL LIABILITIES	1,713,557	129,474	112,604	1,955,635
FUND BALANCES				
Nonspendable				
Inventory	-	-	18,341	18,341
Restricted				
Workers compensation	80,653	-	-	80,653
Employee benefit liability	191,822	-	-	191,822
Retirement	386,952	-	-	386,952
Unemployment	187,114	-	-	187,114
Debt service	-	-	124,801	124,801
Capital	183,446	900,508	-	1,083,954
Total restricted fund balance	1,029,987	900,508	124,801	2,055,296
Assigned				
Other	1,462,864	-	70,697	1,533,561
Appropriated for subsequent years expenditures	779,978	-	-	779,978
Total assigned fund balance	2,242,842	-	70,697	2,313,539
Unassigned	1,175,483	-	-	1,175,483
TOTAL FUND BALANCES	4,448,312	900,508	213,839	5,562,659
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,161,869	\$ 1,029,982	\$ 326,443	\$ 7,518,294

A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund balances per above.	\$ 5,562,659
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,780,493
GASB 68 related government wide activity	
Deferred outflows or resources	8,005,900
Net pension liability	(1,731,406)
Deferred inflows of resources	(414,698)
Long-term liabilities, including bonds payable, teachers retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,955,527)
Other post-employment benefits liability	(21,390,744)
Interest payable at end of year, in the government-wide statements under full accrual accounting.	(18,221)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 5,838,456

The accompanying notes are an integral part of these statements.

GREENVILLE CENTRAL SCHOOL DISTRICT

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Governmental Fund Types			Total
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
REVENUE:				
Real property taxes	\$ 14,552,173	\$ -	\$ -	\$ 14,552,173
Other tax items	1,756,589	-	-	1,756,589
Charges for services	656,807	-	-	656,807
Use of money and property	21,077	-	1,434	22,511
Sale of property and compensation for loss	5,162	237,642	-	242,804
Miscellaneous	171,833	-	5,775	177,608
State sources	11,715,378	-	340,141	12,055,519
Federal sources	13,502	-	772,116	785,618
Sales - School lunch	-	-	221,889	221,889
	<u>28,892,521</u>	<u>237,642</u>	<u>1,341,355</u>	<u>30,471,518</u>
Total revenue				
EXPENDITURES:				
General support	2,888,009	-	-	2,888,009
Instruction	14,629,460	-	930,798	15,560,258
Pupil transportation	1,507,968	-	32,530	1,540,498
Employee benefits	6,627,524	-	82,805	6,710,329
Debt service - Principal	1,343,000	-	-	1,343,000
Debt service - Interest	279,799	-	-	279,799
Cost of sales	-	-	336,417	336,417
Capital outlay	-	1,911,186	-	1,911,186
	<u>27,275,760</u>	<u>1,911,186</u>	<u>1,382,550</u>	<u>30,569,496</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>1,616,761</u>	<u>(1,673,544)</u>	<u>(41,195)</u>	<u>(97,978)</u>
OTHER SOURCES AND (USES):				
Operating transfers in	24,393	1,095,000	141,097	1,260,490
Operating transfers (out)	<u>(1,162,097)</u>	<u>(98,393)</u>	<u>-</u>	<u>(1,260,490)</u>
	<u>(1,137,704)</u>	<u>996,607</u>	<u>141,097</u>	<u>-</u>
Total other sources (uses)				
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	479,057	(676,937)	99,902	(97,978)
FUND BALANCE (DEFICIT) - beginning of year	<u>3,969,255</u>	<u>1,577,445</u>	<u>113,937</u>	<u>5,660,637</u>
FUND BALANCE (DEFICIT) - end of year	<u>\$ 4,448,312</u>	<u>\$ 900,508</u>	<u>\$ 213,839</u>	<u>\$ 5,562,659</u>

The accompanying notes are an integral part of these statements.

GREENVILLE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Net changes in fund balance - Total governmental funds	\$ (97,978)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position, net of disposals	2,588,485
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities, net of gain on sale	(1,354,598)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	(158,978)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	1,343,000
Accrued interest expense does not require the expenditure of current resources and is, therefore, not reported as expenditure in the governmental funds	4,028
Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	7,233
Accrued post-employment benefits do not require the expenditure of current resources and are, therefore are not reported as expenditures in the governmental funds.	<u>(2,619,999)</u>
Change in net position - Governmental activities	<u>\$ (288,807)</u>

GREENVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS JUNE 30, 2017

	Private Purpose <u>Trusts</u>	<u>Agency</u>
ASSETS:		
Cash	\$ 9,554	\$ 804,756
Due from other funds	-	-
Total assets	<u>\$ 9,554</u>	<u>\$ 804,756</u>
LIABILITIES:		
Extraclassroom activity balances	-	85,139
Due to other funds	-	114
Other liabilities	-	719,503
Total liabilities	<u>\$ -</u>	<u>\$ 804,756</u>
FINANCIAL POSITION:		
Reserved for private purposes	<u>\$ 9,554</u>	

The accompanying notes are an integral part of these statements.

GREENVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2017

Private
Purpose
Trusts

ADDITIONS:

Contributions	\$	929
Interest		19
Total Additions		<u>948</u>

DEDUCTIONS:

Scholarships and other private purposes		<u>800</u>
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NET DECREASE		148
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NET POSITION - beginning of year		<u>9,406</u>
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NET POSITION - end of year	\$	<u><u>9,554</u></u>
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The accompanying notes are an integral part of these statements.

GREENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

1. NATURE OF OPERATIONS

Greenville Central School District provides free K-12 public education to students living within its geographic borders.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

The Greenville Central School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as Chief Fiscal Officer and the Superintendent is the Chief Executive Officer. The BOE has authority to make decisions, power to appoint management and accountability for all fiscal matters.

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

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

Extraclassroom Activity Funds

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture

The School District is a component school district in Questar III Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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.

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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 school districts pay tuition or a service fee for programs in which its students participate.

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

Basis of Presentation

School District-Wide Statements

The statement of net position and the statement of activities present financial information about the School 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 revenue, 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 activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

The School District reports the following non-major governmental funds:

- *Special Aid Fund* - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- *School Lunch Fund* - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- *Debt Service Fund* – This fund is used to account for the accumulation of resources to be used for the redemption of principal and interest on long term debt.

The District reports the following fiduciary funds:

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

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits 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 withholding.

Use of 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 dates of the financial statements and the reported revenue 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 and useful lives of long-lived assets.

Measurement Focus and Basis of Accounting

The School District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty 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.

Cash

The School District's cash and cash equivalents consist of cash on hand and demand deposits. New York State law governs the School 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.

Restricted Cash

Restricted cash represents cash 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 \$948,990 within the governmental funds.

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties in which the School District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the School District no later than the following April 1.

Accounts Receivable

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

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 which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

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

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

Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	SL	15-50
Furniture and equipment	\$ 5,000	SL	5-25
Infrastructure	\$ 5,000	SL	65

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 (expenses/expenditure) until then.

The government has the following items that qualify for reporting in this category:

Deferred charges resulting from pension contributions made subsequent to the measurement date of the plan.

Deferred charges resulting from differences between expected and actual experience of the plan.

Deferred charges resulting from net differences between projected and actual earnings on pension plan investments of the plan.

These amounts are deferred and amortized and expensed against pension expense in future periods.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The government has the following items that qualify for reporting in this category:

The net amount of the District's balances of deferred inflows of resources related to pensions is reported in the government-wide Statement of Net Position as deferred inflows of resources.

This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the 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.

Vested Employee Benefits

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with generally accepted accounting principles, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

Other Post-Employment Benefits

In addition to providing the pension benefits described, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the District and its employee groups. Substantially all of these 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 pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. The District recognized the current cost of providing benefits for 2017 by recording \$469,693, which is its share of insurance premiums for currently enrolled retirees, as expenditure in 2017.

In accordance with the provisions of Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the District has recorded the government-wide statement of net position the required other post-employment benefits totaling \$21,390,744 as of June 30, 2017. The financial disclosures relating to the District's other post-employment benefits are reflected in Note 11.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting is used for budgetary 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.

All encumbrances are classified as either Restricted or Assigned Fund Balance in the General Fund, or as Restricted Fund Balance in the non-general funds.

Unearned Revenue

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

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School 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.

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) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Balance – Reservations and Designations

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance – Reservations and Designations (Continued)

Restricted fund balance – 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 available the following restricted fund balances.

Capital

Capital reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the general fund under restricted fund balance.

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.

Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

Unemployment Insurance

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance – Reservations and Designations (Continued)

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the general fund under restricted fund balance.

Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds 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. The reserve is accounted for in the general fund under restricted fund balance.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance – Reservations and Designations (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School Districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2017.

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$1,462,864. As of June 30, 2017, the School District's encumbrances were classified as follows:

Assigned fund balance:

General support	\$ 1,227,018
Instruction	224,461
Pupil Transportation	<u>11,385</u>
Total encumbrances	<u>\$ 1,462,864</u>

Unassigned fund balance - 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 School District.

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

Order of Fund Balance Spending Policy

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 are 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. Assignments of fund balance cannot cause a negative unassigned fund balance.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Standards

The District adopted the following new accounting standards for the year ended June 30, 2017.

In September 2015, the GASB issued Statement *No. 77 Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the School's 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.

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

Total fund balances of the School 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.

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

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- **Long-Term Revenue and Expense Differences**

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

- **Capital Related Differences**

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

- **Long-Term Debt Transaction Differences**

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

4. 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 balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents, including trust funds	<u>\$ 8,108,249</u>	<u>\$ 7,136,650</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 7,607,942	
Covered by FDIC insurance	<u>500,307</u>	
Total	<u>\$ 8,108,249</u>	

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 consists of the following:

General fund:

Cash on deposit for reserves	
Workers comp	\$ 80,653
Retirement contributions	191,822
Liability	386,952
Unemployment	187,114
Capital	<u>183,446</u>

Total general fund restricted cash \$ 1,029,987

Capital project fund:

Cash on deposit for capital projects	<u>\$ 1,029,982</u>
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Trust and agency fund:

Cash on deposit for scholarships, private purpose trust funds, and extraclassroom activity funds	<u>\$ 94,693</u>
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5. PARTICIPATION IN BOCES

During the year, the School District was billed \$2,112,273 for BOCES administrative and program costs.

The School District's share of BOCES aid amounted to \$942,969.

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

6. CAPITAL ASSETS

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

	July 1, 2016 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2017 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 156,622	\$ -	\$ -	\$ 156,622
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-depreciable cost	<u>\$ 156,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,622</u>
Capital assets that are depreciated:				
Buildings and improvements	\$ 41,826,303	\$ 2,363,243	\$ -	\$ 44,189,546
Furniture and equipment	2,567,278	184,790	7,322	2,744,746
Vehicles	<u>3,436,733</u>	<u>47,774</u>	<u>-</u>	<u>3,484,507</u>
Total depreciable historical cost	<u>47,830,314</u>	<u>2,595,807</u>	<u>7,322</u>	<u>50,418,799</u>
Less accumulated depreciation:				
Buildings and land improvements	17,630,408	884,669	-	18,515,077
Furniture and equipment	1,580,221	166,668	-	1,746,889
Vehicles	<u>2,229,701</u>	<u>303,261</u>	<u>-</u>	<u>2,532,962</u>
Total accumulated depreciation	<u>21,440,330</u>	<u>1,354,598</u>	<u>-</u>	<u>22,794,928</u>
Total depreciable cost, net	<u>\$ 26,389,984</u>	<u>\$ 1,241,209</u>	<u>\$ 7,322</u>	<u>\$ 27,623,871</u>

Depreciation expense of \$1,354,598 for the year ended June 30, 2017, was allocated to specific functions as follows:

General support	\$ 135,460
Instruction	1,110,770
Transportation	81,276
Cost of goods sold	<u>27,092</u>
Total Depreciation	<u>\$ 1,354,598</u>

7. SHORT-TERM DEBT

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

The School 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

The District had no short-term debt activity during the current year.

8. LONG-TERM DEBT

Interest on long term debt for the year was composed of:

Interest paid	\$ 279,799
Less: interest accrued in prior year	(22,249)
Plus: interest accrued in current year	<u>18,221</u>
Total expense	<u>\$ 275,771</u>

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities					
Bonds and notes payable:					
General obligation debt:					
Serial bonds payable	<u>\$ 13,133,000</u>	<u>\$ -</u>	<u>\$ 1,343,000</u>	<u>\$ 11,790,000</u>	<u>\$ 1,215,000</u>
Other liabilities:			0		
Other post employment benefits	\$ 18,770,745	\$ 3,239,664	\$ 619,665	\$ 21,390,744	\$ -
Compensated absences*	172,760	-	7,233	165,527	-
Net Pension Liability *	<u>1,723,023</u>	<u>8,383</u>	<u>-</u>	<u>1,731,406</u>	<u>-</u>
Total other liabilities	<u>20,666,528</u>	<u>3,248,047</u>	<u>626,898</u>	<u>23,287,677</u>	<u>-</u>
Total long-term liabilities	<u>\$ 33,799,528</u>	<u>\$ 3,248,047</u>	<u>\$ 1,969,898</u>	<u>\$ 35,077,677</u>	<u>\$ 1,215,000</u>

* Shown as net as it is impractical to show gross amounts.

In 2014, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$3,565,000 of bonds outstanding are considered defeased.

8. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2017 <u>Balance</u>
Serial Bond	2010	2028	0.95%	\$ 770,000
Serial Bond	2013	2031	0.95%	295,000
Serial Bond	2013	2022	0.85%	2,445,000
Serial Bond	2014	2019	1.30%	345,000
Serial Bond	2016	2036	1.50%	<u>7,935,000</u>
Total				<u>\$ 11,790,000</u>

The following is a summary of the maturities of bonds payable:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,215,000	\$ 261,362	\$ 1,476,362
2019	1,125,000	240,218	1,365,218
2020	970,000	218,125	1,188,125
2021	980,000	197,075	1,177,075
2022	915,000	176,291	1,091,291
2023-2027	3,515,000	617,485	4,132,485
2028-2032	2,655,000	232,759	2,887,759
2033-2037	<u>415,000</u>	<u>29,400</u>	<u>444,400</u>
Totals	<u>\$ 11,790,000</u>	<u>\$ 1,972,715</u>	<u>\$ 13,762,715</u>

9. INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditure</u>
General fund	\$ 101,891	\$ -	\$ 24,393	\$ 1,162,097
Special aid fund	-	100,643	56,097	-
School lunch fund	-	-	85,000	-
Capital fund	-	125,935	1,095,000	98,393
Debt service fund	124,801	-	-	-
Fiduciary funds	<u>-</u>	<u>114</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 226,692</u>	<u>\$ 226,692</u>	<u>\$ 1,260,490</u>	<u>\$ 1,260,490</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

9. INTERFUND BALANCES AND ACTIVITY (Continued)

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

All interfund payables are expected to be repaid within one year.

10. PENSION PLANS

New York State Employee Retirement System

The District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2017	\$	447,778
2016		557,836
2015		492,913

Chapter 260 of the Laws of 2004 of the State of New York allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pensions' costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of the employee's covered pensionable salaries.

10. PENSION PLANS (Continued)

This law requires all participating employers to make payments on the current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The District had no amortizing unpaid amounts at the end of the fiscal year.

- Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:
- For state fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on the current basis while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The District had no unpaid liability at the end of the fiscal year.

- Chapter 105 of the Laws of 2010 of the State of New York authorizes local governments to make available a retirement benefit incentive program. The costs of the program will be billed and paid over five years beginning February 1, 2012. The District had no retirement incentive liability at year end.

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

At June 30, 2017, the District reported a liability of \$1,002,413 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017, the District's proportion was 0.0106683 percent, which was a decrease from its proportion measured at June 30, 2016 of 0.0107352 percent.

For the year ended June 30, 2017, the District recognized pension expense of \$408,043. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	25,120	152,221
Changes of Assumptions	200,223	-
Net difference between projected and actual earnings on pension plan investments	342,461	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	78,248	8,469
Contributions subsequent to the measurement date	136,703	-
	<u>782,755</u>	<u>160,690</u>

10. PENSION PLANS (Continued)

\$136,703 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:		
2018	\$	210,453
2019		210,453
2020		195,065
2021		(130,609)
2022		-
Thereafter		-
	\$	<u>485,362</u>

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary scale	3.8 percent indexed by service
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

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 equities and fixed income as well as historical investment data and plan performance.

10. PENSION PLANS (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 and 2016 are summarized below;

<u>Asset Type</u>	<u>Long Term Expected Real Rate</u>	
	<u>2017</u>	<u>2016</u>
Domestic Equity	4.6%	7.3%
International Equity	6.4%	8.6%
Private Equity	7.8%	11.0%
Real Estate	5.8%	8.3%
Absolute Return	4.0%	6.8%
Opportunistic Portfolio	5.9%	8.6%
Real Asset	5.5%	8.7%
Bonds, Cash & Mortgages	1.3%	4.0%
Cash	-0.3%	2.3%
Inflation Indexed Bonds	1.5%	4.0%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) or 1 percent higher (8.0%) than the current rate:

	1 % Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Proportionate Share of Net Pension liability	\$ 3,201,509	\$ 1,002,413	\$ (856,918)

10. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$177,400,586,000	\$ 18,925,627	0.0106683%
Net position	(168,004,363,000)	(17,923,214)	0.0106683%
Net pension liability (asset)	<u>\$ 9,396,223,000</u>	<u>\$ 1,002,413</u>	0.0106683%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	

New York State Teacher Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2017	\$ 1,223,024
2016	1,451,679
2015	1,845,688

10. PENSION PLANS (Continued)

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

At June 30, 2017, the District reported a liability of \$728,993 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017 the District's proportion was 0.0680640 percent, which was a decrease from its proportion measured June 30, 2016 of 0.0700920 percent.

For the year ended June 30, 2017, the District recognized pension expense (income) of \$1,357,573. At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 236,818
Changes of Assumptions	4,152,809	-
Net difference between projected and actual earnings on pension plan investments	1,639,160	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	135,217	17,190
Contributions subsequent to the measurement date	1,295,959	-
	<u>\$ 7,223,145</u>	<u>\$ 254,008</u>

\$1,295,959 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2017	\$ 525,781
2018	525,781
2019	1,798,798
2020	1,402,725
2021	653,481
Thereafter	<u>766,612</u>
	<u>\$ 5,673,178</u>

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. Total pension liability at the June 30, 2015 measurement date, was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. These actuarial valuations used the following actuarial assumptions:

Inflation	2.50%										
Projected Salary Increases	Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience.										
	<table> <tr> <th>Service</th><th>Rate</th></tr> <tr> <td>5</td><td>4.72%</td></tr> <tr> <td>15</td><td>3.46%</td></tr> <tr> <td>25</td><td>2.37%</td></tr> <tr> <td>35</td><td>1.90%</td></tr> </table>	Service	Rate	5	4.72%	15	3.46%	25	2.37%	35	1.90%
Service	Rate										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.5% compounded annually										
Investment Rate of Return	7.5% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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.

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2015 and June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Type</u>	<u>Long Term Expected Real Rate</u>	
	<u>2015</u>	<u>2014</u>
Domestic Equity	6.1%	6.5%
International Equity	7.3%	7.7%
Real Estate	5.4%	4.6%
Alternative Investments	9.2%	9.9%
Domestic fixed Income Securities	1.0%	2.1%
Global Fixed Income Securities	80.0%	1.9%
Mortgages	3.1%	3.4%
Short-term	0.1%	1.2%

10. PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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 net pension liability (asset) of the school districts calculated using the discount rate of 7.5 percent, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1 % Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Proportionate Share of Net Pension liability	\$ 9,511,372	\$ 728,993	\$ (6,637,206)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset) of the employers as June 30, 2016, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$108,577,184,039	\$ 73,901,975	0.0680640%
Net position	(107,506,142,099)	(73,172,982)	0.0680640%
Net pension liability (asset)	<u>\$ 1,071,041,940</u>	<u>\$ 728,993</u>	0.0680640%
Fiduciary net position as a percentage of total pension liability		99.0%	99.0%

11. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District provides certain other post-employment benefits (predominately health insurance) for retired employees of the District. The District administers the Other Post-Employment Benefits Plan (the "OPEB Plan") as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB).

In general, the District provides health insurance coverage for retired employees and their survivors. Substantially all the District's employees may become eligible for this benefit if they reach age 55 and retire with 10-20 years of service to the District.

The Retirement Plan can be amended by action of the District subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at June 30, 2017, was approximately 100. The OPEB Plan does not issue a stand-alone financial report because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the OPEB Plan are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 65%, depending on whether its employee or spouse. The District will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the OPEB Plan are paid by the District. The District currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2017 by the District was \$469,693.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the District's net OPEB obligation:

Annual required contribution	\$ 3,366,397
Interest on net OPEB obligation	757,592
Adjustment to ARC	<u>(884,325)</u>
Annual OPEB cost (expense)	3,239,664
Contributions made	<u>(619,665)</u>
Increase in net OPEB obligation	2,619,999
Net OPEB obligation - beginning of year	<u>18,770,745</u>
Net OPEB obligation - end of year	<u><u>\$ 21,390,744</u></u>
Percentage of annual OPEB cost contributed	19.1%

11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Trend information – The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Contribution (ARC)</u>	<u>OPEB Cost Contributed</u>	<u>% of ARC Contributed</u>	<u>OPEB Obligation</u>
6/30/17	\$ 3,239,664	\$ 3,239,664	\$ (619,665)	-19.1%	\$ 21,390,744
6/30/16	3,178,768	3,178,768	(666,519)	-21.0%	18,770,745
6/30/15	3,147,148	3,147,148	(590,210)	-18.8%	16,258,496

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The OPEB Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

Actuarial Methods and Assumptions

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

In the July 1, 2016 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Discount rate*	3.0%
Medical care cost trend rate	7.5% decreasing .5% per year to an ultimate rate of 4.5% in 2022
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

Actuarial Methods and Assumptions

* As the plan is unfunded, the assumed discount rate considers that the District's investment assets are low risk in nature, such as money market funds or certificates of deposit.

12. RISK MANAGEMENT

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

13. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administrations prepare a proposed budget for approval by the Board of Education for the General Fund. 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 the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the governmental funds balance sheet.

14. CONTINGENCIES AND COMMENTS

General Information

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

The School District has various commitments with contractors for the completion of capital projects.

15. ACCOUNTING PRONOUNCEMENT ISSUED NOT YET IMPLEMENTED

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – a replacement of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to establish standards for recognizing and measuring liabilities, expenditures and deferred inflows of resources related to other postemployment benefit plans (OPEB). In regards to defined benefit OPEB plans, this statement defines the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employment service. This Statement also details recognition and disclosure requirements for employers with payables to defined benefit OPEB plans administered through trusts and for employers whose employees are provided with defined contribution OPEB plans. The District is required to adopt the provisions of this Statement for the year ending June 30, 2018, with early adoption encouraged.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District is required to adopt the provisions of this Statement for the year ending June 30, 2020, with early adoption encouraged.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues identified in the implementation and application of certain GASB Statements affecting including but not limited to pensions and other postemployment benefits. The District is required to adopt the provisions of this Statement for the year ending June 30, 2018, with early adoption encouraged.

In June 2017, GASB issue Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The District is required to adopt the provisions of this Statement for the year ending June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (<u>Budgetary Basis</u>)	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
REVENUE					
LOCAL SOURCES:					
Real property taxes	\$ 16,280,256	\$ 16,280,256	\$ 14,552,173	\$ -	\$ (1,728,083)
Other tax items	37,500	37,500	1,756,589	-	1,719,089
Charges for services	227,700	227,700	656,807	-	429,107
Use of money and property	30,000	30,000	21,077	-	(8,923)
Sale of property and compensation for loss	-	-	5,162	-	5,162
Miscellaneous	<u>233,735</u>	<u>233,735</u>	<u>171,833</u>	<u>-</u>	<u>(61,902)</u>
Total local sources	16,809,191	16,809,191	17,163,641	-	354,450
State sources	11,734,551	11,734,551	11,715,378	-	(19,173)
Medicaid reimbursement	<u>-</u>	<u>-</u>	<u>13,502</u>	<u>-</u>	<u>13,502</u>
Total revenue	28,543,742	28,543,742	28,892,521	-	348,779
OTHER FINANCING SOURCES					
Transfers from other funds	<u>-</u>	<u>-</u>	<u>24,393</u>	<u>-</u>	<u>24,393</u>
Total revenue and other financing sources	<u>\$ 28,543,742</u>	<u>\$ 28,543,742</u>	<u>\$ 28,916,914</u>	<u>\$ -</u>	<u>\$ 373,172</u>

(Continued)

The accompanying notes are an integral part of these schedules.

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (<u>Budgetary Basis</u>)	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	\$ 27,561	\$ 27,405	\$ 23,387	\$ 3,156	\$ 862
Central administration	223,599	224,521	224,153	-	368
Finance	403,583	329,837	326,603	618	2,616
Staff	241,148	260,292	230,277	3,000	27,015
Central services	1,822,788	3,001,013	1,797,671	1,199,688	3,654
Special items	<u>270,546</u>	<u>308,297</u>	<u>285,918</u>	<u>20,556</u>	<u>1,823</u>
Total general support	2,989,225	4,151,365	2,888,009	1,227,018	36,338
INSTRUCTION:					
Instruction, administration, and improvement	807,823	940,273	869,872	53,325	17,076
Teaching - Regular school	7,462,878	7,546,082	7,397,075	76,360	72,647
Programs for children with handicapping conditions	3,798,793	3,681,494	3,415,035	10,231	256,228
Occupational education	627,778	645,402	621,900	23,500	2
Teaching - Special school	-	-	-	-	-
Instructional media	724,628	956,733	921,663	8,297	26,773
Pupil services	<u>1,399,492</u>	<u>1,466,715</u>	<u>1,403,915</u>	<u>52,748</u>	<u>10,052</u>
Total instruction	14,821,392	15,236,699	14,629,460	224,461	382,778
Pupil transportation	1,780,665	1,639,702	1,507,968	11,385	120,349
Employee benefits	7,730,923	6,777,379	6,627,524	-	149,855
Debt service - Principal	1,278,000	1,343,000	1,343,000	-	-
Debt service - Interest	<u>404,924</u>	<u>279,800</u>	<u>279,799</u>	<u>-</u>	<u>1</u>
Total expenditures	29,005,129	29,427,945	27,275,760	1,462,864	689,321
OTHER FINANCING USES					
Transfers to other funds	<u>451,350</u>	<u>1,162,098</u>	<u>1,162,097</u>	<u>-</u>	<u>1</u>
Total expenditures and other uses	<u>29,456,479</u>	<u>30,590,043</u>	<u>28,437,857</u>	<u>1,462,864</u>	<u>689,322</u>
NET CHANGE IN FUND BALANCES	(912,737)	(2,046,301)	479,057	(1,462,864)	1,062,494
FUND BALANCE - beginning of year	<u>3,969,255</u>	<u>3,969,255</u>	<u>3,969,255</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 3,056,518</u>	<u>\$ 1,922,954</u>	<u>\$ 4,448,312</u>	<u>\$ (1,462,864)</u>	<u>\$ 1,062,494</u>

The accompanying notes are an integral part of these schedules.

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a percentage of Covered Payroll</u>
July 1, 2016	\$ -	\$ 44,199,600	\$ 44,199,600	0.00%	\$ 11,639,916	379.72%
July 1, 2014	\$ -	\$ 29,312,848	\$ 29,312,848	0.00%	\$ 10,938,119	267.99%
July 1, 2012	\$ -	\$ 27,866,335	\$ 27,866,335	0.00%	\$ 13,127,686	212.27%

The accompanying notes are an integral part of these schedules.

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2017**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.0106683%	0.0107352%	0.0103956%							
Proportionate share of the net pension liability (asset)	\$ 1,002.4	\$ 1,723.0	\$ 351.2							
Covered-employee payroll	\$ 2,941.1	\$ 2,866.6	\$ 2,638.3							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.08%	60.11%	13.31%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.68%	97.95%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.0680640%	0.0700920%	0.0706810%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Proportionate share of the net pension liability (asset)	\$ 729.0	\$ (7,280.3)	\$ (7,873.4)							
Covered-employee payroll	\$ 10,435.4	\$ 10,502.9	\$ 10,528.7							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.99%	-69.32%	-74.78%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.01%	110.46%	111.48%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2017**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 447.8	\$ 557.8	\$ 492.9							
Contributions in relation to the contractually required contribution	447.8	557.8	492.9							
Contribution deficiency (excess)	-	-	-							
Covered-employee payroll	\$ 2,941	\$ 2,867	\$ 2,638							
Contributions as a percentage of covered-employee payroll	15.22%	19.46%	18.68%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,223.0	\$ 1,392.7	\$ 1,845.7							
Contributions in relation to the contractually required contribution	1,223.0	1,392.7	1,845.7							
Contribution deficiency (excess)	-	-	-							
Covered-employee payroll	\$ 10,435	\$ 10,503	\$ 10,529							
Contributions as a percentage of covered-employee payroll	11.72%	13.26%	17.53%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION

GREENVILLE CENTRAL SCHOOL DISTRICT**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED)**

CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET

Adopted budget		\$ 29,456,479
Add: Prior year's encumbrances		<u>508,561</u>
Original budget		29,965,040
Budget revision:	\$ (625,003)	<u>(625,003)</u>
Final budget		<u>\$ 30,590,043</u>

SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION - GENERAL FUND UNAUDITED

2017-18 voter-approved expenditure budget	\$ 29,456,479	
Maximum allowed (4% of 2017-18 budget)		\$ 1,178,259
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law *:		
Total fund balance:	<u>\$ 4,448,312</u>	
Less:		
Restricted fund balance	1,029,987	
Assigned fund balance:		
Appropriated fund balance	779,978	
Encumbrances included in committed and assigned fund balance	<u>1,462,864</u>	
Total adjustments	<u>\$ 3,272,829</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 1,175,483</u>
Actual percentage		3.99%

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

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED)**

<u>Project Title</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Revenue</u>			<u>Expenditures</u>			<u>Fund Balance June 30, 2017</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
HS Fiber 0008-019	\$ 99,000	\$ 99,000	\$ 99,000	\$ -	\$ 99,000	\$ 99,000	\$ -	\$ 99,000	\$ -
HS Construction 0008-020	9,625,000	5,965,984	5,965,985	(144,702)	5,821,283	5,614,648	206,635	5,821,283	-
HS Water/Sewer 7999-003	839,619	839,619	839,619 **	12,062	851,681	618,505	233,176	851,681	-
ES Construction 0001-027	1,984,743	1,984,743	1,984,743	42,853	2,027,596	1,534,431	493,165	2,027,596	-
Transportation 0006-002	1,774,653	1,774,653	1,774,653	(27,542)	1,747,111	1,710,730	36,381	1,747,111	-
HS Fitness Room 0008-022	149,348	149,348	149,348	3,352	152,700	12,155	75,577	87,732	64,968
HS Gym Floor 0008-023	425,000	425,000	324,000	237,642	561,642	8,430	553,210	561,640	2
Storage Shed 0009-001	24,000	24,000	24,000	(3,352)	20,648	-	-	-	20,648
Building Condition BLCS	46,652	46,652	46,652	-	46,652	32,656	13,996	46,652	-
Smart School Bond Act	320,000	-	-	320,000	320,000	-	42,239	42,239	277,761
HS Univet 0008-025	267,329	-	-	267,329	267,329	-	267,329	267,329	-
MS/HS Renovation 0008-026	625,000	-	-	625,000	625,000	-	87,871	87,871	537,129
	<u>\$ 16,180,344</u>	<u>\$ 11,308,999</u>	<u>\$ 11,208,000</u>	<u>\$ 1,332,642</u>	<u>\$ 12,540,642</u>	<u>\$ 9,630,555</u>	<u>\$ 2,009,579</u>	<u>\$ 11,640,134</u>	<u>\$ 900,508</u>

The accompanying notes are an integral part of these schedules.

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special <u>Aid</u>	School <u>Lunch</u>	Debt <u>Service</u>	Total Non-Major Governmental <u>Funds</u>
ASSETS				
Cash - Unrestricted	\$ 2,696	\$ 76,388	\$ -	\$ 79,084
Accounts receivable	-	1,474	-	1,474
Due from other funds	-	-	124,801	124,801
State and federal aid receivable	102,743	-	-	102,743
Inventory	-	18,341	-	18,341
TOTAL ASSETS	\$ 105,439	\$ 96,203	\$ 124,801	\$ 326,443
LIABILITIES				
Accounts payable and accrued liabilities	\$ 4,796	\$ 1,300	\$ -	\$ 6,096
Due to other funds	100,643	-	-	100,643
Due to other governments	-	677	-	677
Unearned revenue	-	5,188	-	5,188
TOTAL LIABILITIES	105,439	7,165	-	112,604
FUND BALANCES				
Nonspendable				
Inventory	-	18,341	-	18,341
Restricted				
Debt service	-	-	124,801	124,801
Total restricted fund balance	-	-	124,801	124,801
Assigned				
Other	-	70,697	-	70,697
Total assigned fund balance	-	70,697	-	70,697
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-	89,038	124,801	213,839
TOTAL LIABILITIES AND FUND BALANCES	\$ 105,439	\$ 96,203	\$ 124,801	\$ 326,443

GREENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special <u>Aid</u>	School <u>Lunch</u>	Debt <u>Service</u>	Total Governmental <u>Funds</u>
REVENUE:				
Use of money and property	\$ -	\$ 86	\$ 1,348	\$ 1,434
Miscellaneous	-	5,775	-	5,775
State sources	333,008	7,133	-	340,141
Federal sources	574,223	197,893	-	772,116
Sales - School lunch	-	221,889	-	221,889
	<u>907,231</u>	<u>432,776</u>	<u>1,348</u>	<u>1,341,355</u>
Total revenue				
EXPENDITURES:				
Instruction	930,798	-	-	930,798
Pupil transportation	32,530	-	-	32,530
Employee benefits	-	82,805	-	82,805
Cost of sales	-	336,417	-	336,417
	<u>963,328</u>	<u>419,222</u>	<u>-</u>	<u>1,382,550</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(56,097)</u>	<u>13,554</u>	<u>1,348</u>	<u>(41,195)</u>
OTHER SOURCES AND (USES):				
Operating transfers in	<u>56,097</u>	<u>85,000</u>	<u>-</u>	<u>141,097</u>
	<u>56,097</u>	<u>85,000</u>	<u>-</u>	<u>141,097</u>
Total other sources (uses)				
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	-	98,554	1,348	99,902
FUND BALANCE (DEFICIT) - beginning of year	<u>-</u>	<u>(9,516)</u>	<u>123,453</u>	<u>113,937</u>
FUND BALANCE (DEFICIT) - end of year	<u>\$ -</u>	<u>\$ 89,038</u>	<u>\$ 124,801</u>	<u>\$ 213,839</u>

The accompanying notes are an integral part of these statements.

GREENVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2015 (UNAUDITED)

Capital assets, net		\$ 27,780,493
Deduct:		
Bond anticipation notes	-	
Premium on bonds payable	-	
		-
Short-term portion of bonds payable	1,215,000	
Long-term portion of bonds payable	10,575,000	
Less: Unspent bond proceeds		<u>11,790,000</u>
Net Investment in capital assets		<u>\$ 15,990,493</u>

The accompanying notes are an integral part of these schedules.

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

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

September 11, 2017

To the Board of Education of
Greenville Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greenville Central School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 11, 2017.

Internal Control over Financial Reporting

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

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

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

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(Continued)

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

Compliance and Other Matters

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

Purpose of this Report

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

GREENVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2017

Section I—Financial Statement Findings

There were no instances of significant deficiencies, material weaknesses, or noncompliance that are required to be reported under *Government Auditing Standards*.

Section II—Status of Prior Year Findings

There were no prior year findings.

GREENVILLE CENTRAL SCHOOL DISTRICT

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, there were no findings required to be reported under *Government Auditing Standards*. Accordingly, a corrective action plan is unnecessary.