

**PITTSFORD CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2018**

**Raymond F. Wager, CPA, P.C.**  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Pittsford Central School District, New York

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pittsford Central School District, New York, as of and for the year ended June 30, 2018, 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pittsford Central School District, New York, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 51–55 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 Pittsford Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2018 on our consideration of the Pittsford Central School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pittsford Central School District, New York's internal control over financial reporting and compliance.

Rochester, New York  
September 11, 2018



**PITTSFORD CENTRAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2018**

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**INTRODUCTION**

The Pittsford Central School District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. It is based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The District implemented GASB Statements Nos. 75 and 77 on June 30, 2017. Statement No. 75 improves accounting and financial reporting requirements by state and local governments for Post-Employment Benefits Other than Pensions (OPEB). It also improves information provided by state and local governments about financial support for OPEB that is provided by other entities. (Pages 14, 15 and 16). All New York State School Districts were required to implement Statement No. 75 standards by fiscal year end June 30, 2018. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. (Page 50).

- With the implementation of GASB 75 and full recognition of OPEB costs on the balance sheet, the total assets of the District are short of its total liabilities at the close of the fiscal year by \$142.6 million (Net Position, page 14). This accounting deficit is the result of GASB 75 requiring the reporting of the Long-term Liability while NYS Law does not afford schools a legal means to reserve, fund or recognize the GASB 75 OPEB costs.
- The District's change in Net Position is (\$7.7) million (page 15 and 18). This is primarily due to the GASB 75 Other Post Employment Benefit (OPEB) obligation, compensated absence obligation, pension fund liability, and the capitalization of assets.
- General Fund refund of prior year expense (stated as Miscellaneous) was above the original budget by \$578 thousand is primarily due to a larger than projected refund from Monroe #1 BOCES, Monroe County for preschool costs reimbursement, and Non-Property Taxes (Sales Tax) was greater than projected by \$478 thousand. (Page 54)
- General Fund charges for services was above the original budget by \$193 thousand due to charges for parentally placed students in non-public schools located in our district who receive Special Education services and health services for non-resident students attending these same schools. There was an increase in the number of students receiving high cost services at non-public schools that were billed to other districts. (Page 54)
- Voters approved a renovation project in December, 2012 in the amount of \$43.2 million. Renovation work to be completed included athletic field improvements at Sutherland and Mendon High School and miscellaneous building repairs at all nine school buildings. Work is substantially complete at all buildings and Phase V work at Sutherland High School to turn the pool area into a multi-purpose space will be complete October 2018. (page 57).

- The District purchased twelve replacement buses from the voter authorized Capital Bus Purchase Reserve.
- As of the close of this fiscal year, the District’s governmental funds reported combined fund balances of approximately \$49.67 million (page 17).
- The District issued Bonds in June 2018 to finance the 2012 voter authorized capital project. The District retained its excellent Aa1 Bond (credit) rating from Moody’s who stated that the District has “Solid finances and are healthy” and “the District’s credit profile benefits from Management’s conservative budget practices”.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management’s Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to these statements, this report also includes other supplemental information, as outlined on page 4.

**Financial Statements  
Required Supplemental Information  
Management’s Discussion & Analysis (MD & A)**

**Basic Financial Statements**

<p align="center"><b>District-wide</b> (Entire District)</p> <p align="center"><b><u>Financial Statements</u></b></p> <ol style="list-style-type: none"> <li><b>1. Statement of Net Position (page 14)</b></li> <li><b>2. Statement of Activities and Changes in Net Position (page 15)</b></li> </ol>		<p align="center"><b>Fund</b> (Governmental &amp; Fiduciary)</p> <p align="center"><b><u>Financial Statements</u></b></p> <ol style="list-style-type: none"> <li><b>1. Balance Sheet – Governmental Funds (page 16)</b></li> <li><b>2. Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds (page 17)</b></li> <li><b>3. Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Gov. Funds to Statement of Activity (page 18)</b></li> <li><b>4. Statement of Fiduciary Net Position (page 19)</b></li> <li><b>5. Statement of Changes in Fiduciary Net Position (page 19)</b></li> </ol>
<p><b>Notes to the Basic Financial Statements</b></p>		

**Supplemental Information**

- Non-major Funds Combining Statements (page 58-59)**
- General Fund Budget & Tax Limit Information (page 56)**
- Capital Project Funds Schedule of Project Expenditures (page 57)**

**General Fund Budget to Actual Schedule (page 54)**

Our auditor has provided assurance in his independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated.

**District-wide Financial Statements**

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business, providing both short-term and long-term information about the District's overall financial status.

The statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or declining.

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

All of the District's services are reported in the district-wide financial statements as governmental activities, including general support, instruction, pupil transportation, and school lunch. Property taxes, sales tax, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

**District-wide Financial Analysis (Page 14)**

**Pittsford Central School District's Net Position  
June 30, 2017 and 2018 (thousands of dollars)**

	<u>Governmental Activities</u>		<u>Percent</u>
	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b><u>ASSETS:</u></b>			
Current Assets	\$ 87,615	\$ 53,777	62.92%
Capital Assets	138,133	139,887	-1.25%
<b>Total Assets</b>	<b>\$ 225,748</b>	<b>\$ 193,664</b>	16.57%
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Deferred Outflow of Resources	\$ 69,826	\$ 62,244	12.18%
<b><u>LIABILITIES:</u></b>			
Current Liabilities	\$ 35,736	\$ 36,722	-2.69%
Long-Term Obligations	374,900	336,595	11.38%
<b>Total Liabilities</b>	<b>\$ 410,636</b>	<b>\$ 373,317</b>	10.00%
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Deferred Inflow of Resources	\$ 27,514	\$ 17,454	57.64%
<b><u>NET POSITION:</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 61,012	\$ 58,122	4.97%
<u>Restricted For</u>			
Capital Reserve	23,315	20,735	12.44%
Other Purposes	13,478	9,439	42.79%
Unrestricted	(240,381)	(223,158)	7.72%
<b>Total Net Position</b>	<b>\$ (142,576)</b>	<b>\$ (134,862)</b>	5.72%



As illustrated above, the largest portion of the District's Net Position (61 percent) reflects its investment in capital assets (land, buildings, improvements, machinery and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide educational services. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. Capital assets themselves cannot be used to liquidate these liabilities.

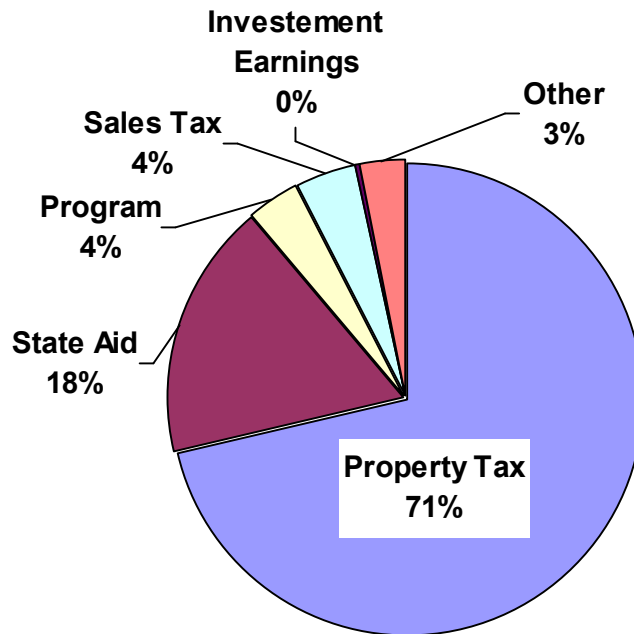
**Pittsford Central School District's  
Changes in Net Position (Page 15 and 18)  
For the Years Ended June 30, 2017 and 2018  
(thousands of dollars)**

	<u>Governmental Activities</u>		<u>Total Percentage Change</u>
	<u>2018</u>	<u>2017</u>	
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Services	\$ 2,389	\$ 2,467	-3.16%
Operating Grants & Contributions	2,447	2,590	-5.52%
Total Program	<u>\$ 4,836</u>	<u>\$ 5,057</u>	-4.37%
<b><u>General -</u></b>			
Property Taxes	\$ 98,074	\$ 95,484	2.71%
Non-Property Taxes (Sales Tax)	5,589	5,500	1.62%
State and Federal Aid	24,242	22,370	8.37%
Investment Earnings	398	159	150.31%
Compensation for Loss	167	219	-23.74%
Miscellaneous	4,165	1,398	197.93%
Total General	<u>\$ 132,635</u>	<u>\$ 125,130</u>	6.00%
<b>TOTAL REVENUES</b>	<b><u>\$ 137,471</u></b>	<b><u>\$ 130,187</u></b>	5.60%
<b><u>EXPENSES:</u></b>			
Instruction	\$ 113,261	\$ 108,427	4.46%
<b><u>Support Services -</u></b>			
General Support	15,742	14,627	7.62%
Transportation	8,041	7,817	2.87%
School Lunch	2,327	2,336	-0.39%
Interest in Long-Term Debt	5,814	2,864	103.00%
<b>TOTAL EXPENSES</b>	<b><u>\$ 145,185</u></b>	<b><u>\$ 136,071</u></b>	6.70%
<b>CHANGES IN NET POSITION</b>	<b><u>\$ (7,714)</u></b>	<b><u>\$ (5,884)</u></b>	

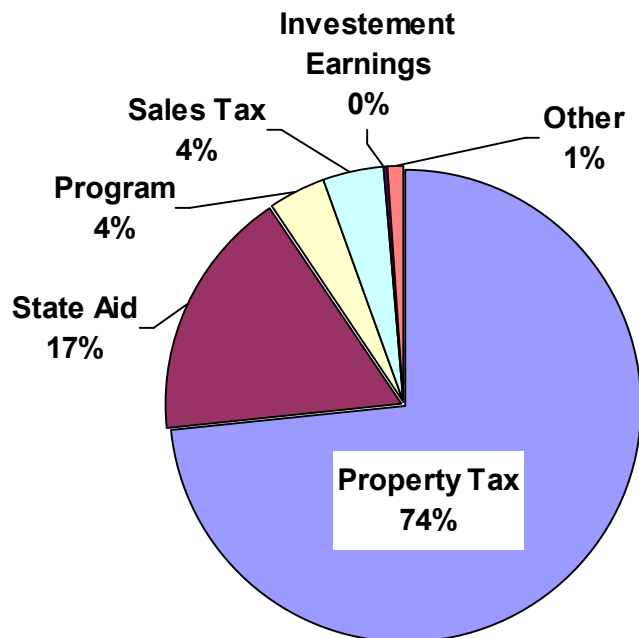
The \$7.7 million decrease in Net Position (page 18) is attributable to a) Reporting net pension asset/liability b) Other Post Employment Benefit liability and c) the depreciation of assets over time. The District's breakdown of revenues is as follows: state and federal aid accounted for 17% of revenues and property taxes accounted for 71% of revenues. The remaining 12% of revenue came from sales tax, operating grants, charges for services, investment earnings and miscellaneous revenues. The District's expenses are predominately related to education and caring for students, or 85% of total expenses, and general support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 15% of the total costs.

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

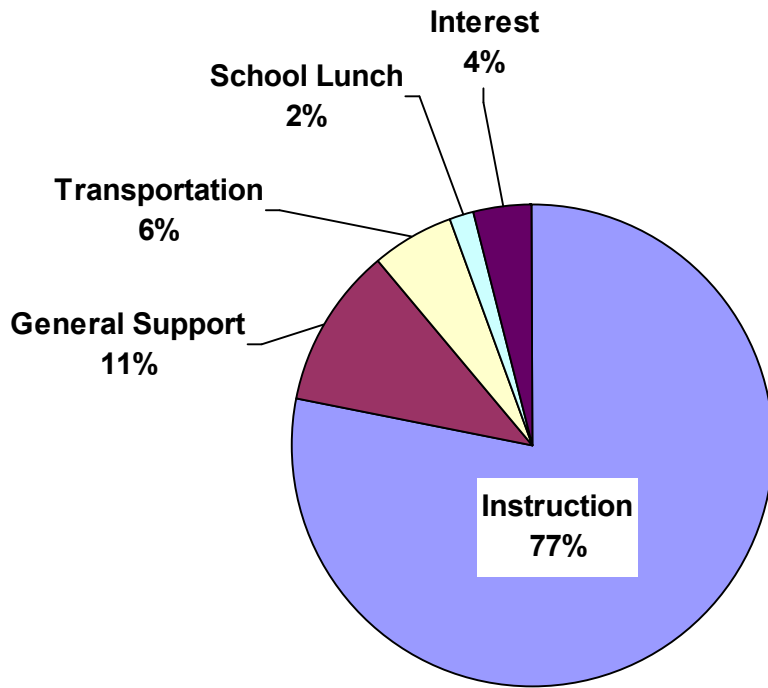
### Districtwide Revenues by Source For the Year Ended June 30, 2018



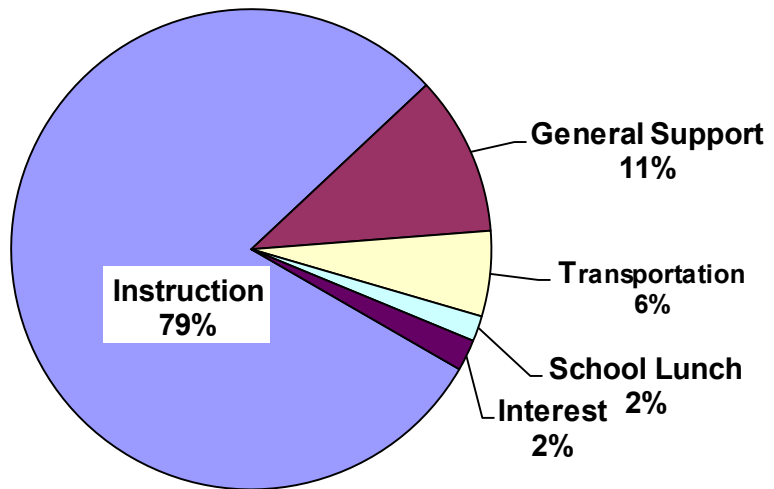
### Districtwide Revenues by Source For the Year Ended June 30, 2017



**Districtwide Expenses by Function  
For the Year Ended June 30, 2018**



**Districtwide Expenses by Function  
For the Year Ended June 30, 2017**



## Fund Financial Statements

The fund financial statements provide detailed information about the District's most significant (major) funds.

A **fund** is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Most of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. We describe the relationship or differences between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds on the *Reconciliation of the Governmental Funds*.

The District maintains five individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund and the capital fund. Data from the special aid fund, the school lunch fund, and the debt service fund are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in a combining statement format as a supplemental schedule in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### Fund Financial Analysis (District's Funds)

**Pittsford Central School District's Balance Sheet (Page 16)**  
**June 30, 2017 and 2018**  
 (thousands of dollars)

	<b>Total</b>	<b>Total</b>
	<b>General Fund</b>	<b>General Fund</b>
	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Total Assets</b>	<b>\$ 52,654</b>	<b>\$ 46,347</b>
<b>Total Liabilities</b>	<b>\$ 8,806</b>	<b>\$ 8,697</b>
 <b>Fund Balance</b>		
Nonspendable-prepaid	\$ 65	\$ 69
Restricted	32,814	29,014
Assigned, Approp. & Encumbrances	5,507	3,365
Unassigned, Unappropriated	5,462	5,202
<b>Total Fund Balance</b>	<b>\$ 43,848</b>	<b>\$ 37,650</b>

Of the approximately \$43.8 million fund balance in the general fund (page 16), approximately 25% of this total (almost \$11 million) constitutes unreserved fund balance, \$2.8 million is appropriated to reduce the 2018-2019 fiscal year tax levy, \$2.65 million is set aside for encumbrances and \$5.46 million (4% of the 2018-19 budget) is available for ensuing fiscal years. The remainder of fund balance is restricted, which indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts, restricted by district residents for future voter authorized purposes (almost \$33 million), and other Board of Education authorized purposes. Contained in this balance are year-end Board of Education authorized transfers of \$700 thousand to the Capital Bus Reserve, \$2 million to the voter authorized Capital Building Reserve, \$1 million to the Capital Instructional Technology Reserve, \$1 million to the Employee Benefit Reserve, \$500 thousand to the Retirement Contribution Reserve and \$200 thousand to the Reserve for Workers Compensation.

Maintaining an adequate fund balance has several internal benefits. It maintains a favorable credit rating, thus saving on interest expense and improves cash flow needs until major revenues are received (thereby reducing or eliminating the need for cash flow borrowing). Adequate fund balance also provides funds to leverage state and federal grants and provide for various contingencies.

The following is a summary of the fund balances and reserves as of June 30, 2018 (page 16 and 60) by individual fund (including encumbrances restricted to liquidate current contracts and/or purchase orders):

**(Thousands of dollars)**

<b><u>FUND BALANCE:</u></b>	<b>Fund Balance <u>2018</u></b>	<b>Fund Balance <u>2017</u></b>	<b>Change in <u>Fund Balance</u></b>
General Fund (including reserves)	\$ 43,848	\$ 37,650	\$ 6,198
Capital Fund	1,367	(22,366)	23,733
School Lunch Fund	457	443	14
Federal	22	30	(8)
Debt Service Fund	3,980	1,160	2,820
<b>Total</b>	<b>\$ 49,674</b>	<b>\$ 16,917</b>	<b>\$ 32,757</b>

As of the end of the fiscal year, the District's governmental funds reported combined fund balances of \$49.7 million (see page 16), an increase of \$32.8 million from the prior year. This increase was primarily due to permanent financing for the approved 2012 capital building reserve projects.

**General Fund Budgetary Highlights (Page 54-58)**

The difference between the general funds adopted budget and the final amended budget was \$3.16 million. This amount includes, \$1.8 million in carryover of outstanding purchase orders (encumbrances) from the 2016-2017 fiscal year, a voter approved bus purchases of \$1.32 million.

The \$2.25 million positive budget-to-actual variance in general fund revenues and the \$6.6 million positive budget-to-actual variance in general fund expenditures are a result of the following:

- The increase in total revenues of \$2.25 million over budget was primarily due to increases in General Operating Aid (Basic formula and Lottery aid) of \$1.93 million; sales tax revenues of \$478 thousand; charges for educational services to other school districts \$193 thousand, and \$266 thousand due to interest rates rising.
- Budgetary controls throughout the year to maintain expenditures below the original budget, including instructional expenditures at 96%, transportation expenditures at 87% and employee benefit expenditures at 92% of original budgetary amounts.

## Capital Asset and Debt Administration (Page 36)

The District's capital assets (net of accumulated depreciation) as of June 30, 2018 are as follows:  
(thousands of dollars)

<u>CAPITAL ASSETS</u>	<u>2018</u>	<u>2017</u>
Land	\$ 679	\$ 679
Work in Progress	2,112	29,144
Buildings and Improvements	126,879	101,861
Machinery and Equipment	8,463	8,203
<b>Total</b>	<b><u>\$ 138,133</u></b>	<b><u>\$ 139,887</u></b>

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$1,754 thousand. The decrease is attributable to work in progress for the capital project and the depreciation of buildings and equipment that are devalued over the useful life of the asset.

**Obligations (Page 37-38):** The District had total long-term debt including serial bonds and other post employment obligations outstanding of \$374,900 million as of June 30, 2018 (an increase of \$38.3 million over the previous year). This increase is primarily due to OPEB liability and permanent Serial Bond financing for the 2012 voter approved capital project that occurred in June 2018.

(thousands of dollars)

<u>Long-Term Debt Obligations</u>	<u>2018</u>	<u>2017</u>
Serial Bonds	\$ 74,005	\$ 54,235
Other Debt (EPC & Comp. Absences)	8,493	9,139
Other Post Employment Benefits	292,402	273,220
<b>Total Long-Term Obligations</b>	<b><u>\$ 374,900</u></b>	<b><u>\$ 336,594</u></b>

The change in this long-term debt level is attributable to the following: a) permanent financing for the 2012 voter approved capital project, b) serial bond principal and interest payments in 2017-18, c) the Government Accounting Standards Board Statement No. 75 requirement to account for in whole other post-employment benefits (healthcare benefits separate from a pension plan) in the current year and d) the Government Accounting Standards Board Statement No. 68 requirement to account and report for Pensions. A postemployment benefit is viewed as a deferred compensation arrangement whereby an employer promises to exchange future benefits for employee's current services.

Our current bond rating is an Aa1. Section 104.00 of the Local Finance Law limits the amount of general obligation debt that a school district may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$372 million, which is significantly higher than the present outstanding general obligation debt of \$76 million. The District has leveraged in debt 19% of the legal capacity.

### Notes to the Financial Statements

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

### Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information (supplementary schedules). The combining statements referred to earlier in connection with non-major governmental funds are presented as supplementary schedules.

### **Factors Bearing on the District's Future**

The state comptroller has advised all participating employers that the billing from the New York State Employees' Retirement System, beginning with the bill due February 2019, for the billing period April 2017 through March 2018, will average 15.3% of eligible payroll. The New York State Employees' Retirement System has informed participating employers that the rate for the bill due February 2020 billing period April 2018 to March 2019, will average 14.9%.

The New York State Teachers' Retirement System has indicated that the rate to be used to calculate expenditures for the 2018-19 fiscal year will be 10.63% of eligible salaries. This rate has increased by .83% over the 2017-18 rate of 9.8% of eligible salaries.

The \$106.5 million capital revitalization project renovation work on all phases was completed in 2009. This work necessitated issuance of serial bonds of \$102.9 million for permanent funding of the project; the twelfth principal and the thirteenth interest payment for the capital revitalization project occurred in the 2017-18 fiscal year. The Energy Performance Contract (EPC) work district-wide is complete; the thirteenth principal and interest payment for the EPC occurred in the 2017-18 fiscal year.

The current \$43.4 million Capital Project is largely funded through the Capital Reserve Fund and State Building Aid. The District has issued \$25.03 million in Bonds in June 2018 to finance the project. The District recently completed an extensive NYS required Building Condition Survey and the District will use that data as a foundation for a Long-Range Facilities Plan (LRFP). The LRFP will serve as a blue print for a long-term facilities maintenance and renovation plan identifying needs and adjustments to suit educational program and enrollment into the future. The 2015 LRFP identified more than \$175 million in high priority needs. This can be compared to the 2010 LRFP which identified more than \$110 million in high priority needs of which the current capital project is addressing approximately \$36 million of those needs.

The current public education climate in NYS is a challenging one. Voter influence of their local school budget has been curtailed with the implementation of the Property Tax Cap, requiring a 60% supermajority approval of a budget proposal that results in a Tax Levy increase of more than the Tax Cap (NYS prescribed formula based on CPI). As a higher than average wealth District, we are more dependent on the Tax Levy than are most schools, with approximately 74% of our budget supported by local taxes. Coupled with the States continued failure to follow the law, constitution and court order by freezing Foundation Aid and further reducing it by the Gap Elimination Adjustment (GEA). In the 2016-17 budget the GEA was eliminated, however, the District is still owed more than \$74 million in State Aid in arrears over the previous eight years. When NYS curtails the local community's ability to compensate for the State's failure to comply, planning for and meeting future cost growth trends and unfunded mandates from the State and Federal government, the District is challenged. The District has adopted a multi-year financial planning model and conservatively plans budgets coupled with Fund Balance and Reserve management with an eye toward providing financial stability and predictability into the future.

The District is implementing a Full Day Kindergarten program in the 2018-19 school year. Reserve funds are being used to purchase additional buses, perform renovations to prepare the new classrooms and add parking in the first year of the program. Over the first three years of the program the State of New York is providing Kindergarten Conversion Aid on a declining scale. At the end of this three-year period the District will fund the program in its entirety.

### **Requests for Information**

This financial report is designed to provide district residents, taxpayers, parents, students, investors and creditors, with a general overview of the District's finances, and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Pittsford Central School District  
75 Barker Road, East Offices  
Pittsford, NY 14534  
Attn: Darrin Kenney, Asst. Superintendent for Business, or  
Leeanne Reister, Director of Finance

**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Net Position**

**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 81,281,023
Accounts receivable	4,215,397
Inventories	26,436
Prepaid items	64,875
Net pension asset	2,027,966
<b>Capital Assets:</b>	
Land	678,810
Work in progress	2,111,779
Other capital assets (net of depreciation)	135,342,132
<b>TOTAL ASSETS</b>	<b><u>\$ 225,748,418</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<b><u>\$ 69,826,420</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,323,468
Accrued liabilities	1,171,886
Unearned revenues	300,994
Due to other governments	315
Due to teachers' retirement system	4,519,493
Due to employees' retirement system	660,336
Bond anticipation notes payable	27,760,000
<b>Long-Term Obligations:</b>	
Due in one year	8,069,173
Due in more than one year	366,830,695
<b>TOTAL LIABILITIES</b>	<b><u>\$ 410,636,360</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	<b><u>\$ 27,514,697</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 61,011,590
<b>Restricted For:</b>	
Capital reserves	23,314,618
Other purposes	13,478,630
Unrestricted	(240,381,057)
<b>TOTAL NET POSITION</b>	<b><u>\$ (142,576,219)</u></b>

(See accompanying notes to financial statements)



**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Activities and Changes in Net Position**  
**For Year Ended June 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
<b><u>Primary Government -</u></b>				
General support	\$ 15,742,273	\$ -	\$ -	\$ (15,742,273)
Instruction	113,260,525	592,882	2,447,034	(110,220,609)
Pupil transportation	8,040,988	-	-	(8,040,988)
School lunch	2,327,166	1,795,662	-	(531,504)
Interest	5,814,618	-	-	(5,814,618)
<b>Total Primary Government</b>	<b><u>\$ 145,185,570</u></b>	<b><u>\$ 2,388,544</u></b>	<b><u>\$ 2,447,034</u></b>	<b><u>\$ (140,349,992)</u></b>
<b>General Revenues:</b>				
Property taxes				\$ 98,074,146
Non property taxes				5,588,704
State and federal aid				24,242,041
Investment earnings				398,307
Compensation for loss				166,844
Miscellaneous				4,165,584
<b>Total General Revenues</b>				<b><u>\$ 132,635,626</u></b>
Changes in Net Position				\$ (7,714,366)
<b>Net Position, Beginning of Year</b>				<u>(134,861,853)</u>
<b>Net Position, End of Year</b>				<b><u>\$ (142,576,219)</u></b>

**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2018**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 48,379,895	28,129,704	\$ 4,771,424	\$ 81,281,023
Receivables	3,176,219	-	1,039,178	4,215,397
Inventories	-	-	26,436	26,436
Due from other funds	1,032,960	1,315,923	248	2,349,131
Prepaid items	64,875	-	-	64,875
<b>TOTAL ASSETS</b>	<b><u>\$ 52,653,949</u></b>	<b><u>\$ 29,445,627</u></b>	<b><u>\$ 5,837,286</u></b>	<b><u>\$ 87,936,862</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities -</b>				
Accounts payable	\$ 1,195,255	\$ 98,558	\$ 29,655	\$ 1,323,468
Accrued liabilities	549,143	219,130	2,826	771,099
Notes payable - bond anticipation notes	-	27,760,000	-	27,760,000
Due to other funds	1,315,922	298	1,032,911	2,349,131
Due to other governments	-	-	315	315
Due to TRS	4,519,493	-	-	4,519,493
Due to ERS	660,336	-	-	660,336
Compensated absences	565,878	-	11,624	577,502
Unearned revenue	-	-	300,994	300,994
<b>TOTAL LIABILITIES</b>	<b><u>\$ 8,806,027</u></b>	<b><u>\$ 28,077,986</u></b>	<b><u>\$ 1,378,325</u></b>	<b><u>\$ 38,262,338</u></b>
<b>Fund Balances -</b>				
Nonspendable	\$ 64,875	\$ -	\$ 26,436	\$ 91,311
Restricted	32,813,694	2,430,596	3,979,554	39,223,844
Assigned	5,507,558	-	452,971	5,960,529
Unassigned	5,461,795	(1,062,955)	-	4,398,840
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 43,847,922</u></b>	<b><u>\$ 1,367,641</u></b>	<b><u>\$ 4,458,961</u></b>	<b><u>\$ 49,674,524</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 52,653,949</u></b>	<b><u>\$ 29,445,627</u></b>	<b><u>\$ 5,837,286</u></b>	

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	138,132,721
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(400,787)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(74,005,000)
OPEB	(290,876,348)
Compensated absences	(5,862,667)
Energy performance contracts	(2,053,176)
Net pension asset	2,027,966
Deferred outflow - pension	32,026,181
Deferred outflow - OPEB	37,800,239
Net pension liability	(1,525,175)
Deferred inflow - advanced refunding	(2,874,180)
Deferred inflow - pension	(10,494,660)
Deferred inflow - OPEB	(14,145,857)
<b>Net Position of Governmental Activities</b>	<b><u>\$ (142,576,219)</u></b>

(See accompanying notes to financial statements)

**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real property taxes and tax items	\$ 98,074,146	\$ -	\$ -	\$ 98,074,146
Non-property taxes	5,588,704	-	-	5,588,704
Charges for services	592,882	-	-	592,882
Use of money and property	390,994	-	7,314	398,308
Sale of property and compensation for loss	166,844	-	-	166,844
Miscellaneous	1,013,397	-	191,096	1,204,493
State sources	24,201,002	-	670,254	24,871,256
Federal sources	41,039	-	1,590,992	1,632,031
Sales	-	-	1,795,662	1,795,662
Premium on obligations issued	-	-	3,146,879	3,146,879
<b>TOTAL REVENUES</b>	<b>\$ 130,069,008</b>	<b>\$ -</b>	<b>\$ 7,402,197</b>	<b>\$ 137,471,205</b>
<b>EXPENDITURES</b>				
General support	\$ 11,072,714	\$ -	\$ 333,271	\$ 11,405,985
Instruction	62,344,296	-	2,407,928	64,752,224
Pupil transportation	3,966,854	1,267,761	172,965	5,407,580
Employee benefits	34,648,204	-	456,166	35,104,370
Debt service - principal	1,145,493	-	6,014,369	7,159,862
Debt service - interest	797,105	-	2,184,700	2,981,805
Cost of sales	-	-	611,134	611,134
Other expenses	-	-	760,377	760,377
Capital outlay	-	2,706,369	-	2,706,369
<b>TOTAL EXPENDITURES</b>	<b>\$ 113,974,666</b>	<b>\$ 3,974,130</b>	<b>\$ 12,940,910</b>	<b>\$ 130,889,706</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 16,094,342</b>	<b>\$ (3,974,130)</b>	<b>\$ (5,538,713)</b>	<b>\$ 6,581,499</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - in	\$ 42,000	\$ 1,574,047	\$ 8,364,449	\$ 9,980,496
Transfers - out	(9,938,496)	(42,000)	-	(9,980,496)
Proceeds from obligations	-	25,030,000	-	25,030,000
BAN's redeemed from appropriations	-	1,145,493	-	1,145,493
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (9,896,496)</b>	<b>\$ 27,707,540</b>	<b>\$ 8,364,449</b>	<b>\$ 26,175,493</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 6,197,846</b>	<b>\$ 23,733,410</b>	<b>\$ 2,825,736</b>	<b>\$ 32,756,992</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>37,650,076</b>	<b>(22,365,769)</b>	<b>1,633,225</b>	<b>16,917,532</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 43,847,922</b>	<b>\$ 1,367,641</b>	<b>\$ 4,458,961</b>	<b>\$ 49,674,524</b>

(See accompanying notes to financial statements)

**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For Year Ended June 30, 2018**

<b>NET CHANGE IN FUND BALANCES -</b>	
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 32,756,992</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:	
Capital Outlay	\$ 2,706,369
Additions to Assets, Net	1,690,023
Depreciation	<u>(6,150,480)</u>
	(1,754,088)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:	
Debt Repayments	\$ 7,159,862
Proceeds from Bond Issuance	(25,030,000)
Proceeds from BAN Redemption	<u>(1,145,493)</u>
	(19,015,631)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	41,367
The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(15,982,229)
(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds	
Teachers' Retirement System	(941,657)
Employees' Retirement System	165,439
Portion of deferred (inflow) / outflow recognized in long term debt	(2,874,180)
In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:	
Compensated Absences	<u>(110,379)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (7,714,366)</u></u></b>

**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Fiduciary Net Position**

**June 30, 2018**

	<b>Private Purpose <u>Trust</u></b>	<b>Agency <u>Funds</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 77,782	\$ 2,228,512
Investments	29,696	-
Prefunded flex benefits	-	48,340
<b>TOTAL ASSETS</b>	<b><u>\$ 107,478</u></b>	<b><u>\$ 2,276,852</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 117
Extraclassroom activity balances	-	305,375
Other liabilities	-	1,971,360
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,276,852</u></b>
<b>NET POSITION</b>		
Restricted for scholarships	\$ 107,478	
<b>TOTAL NET POSITION</b>	<b><u>\$ 107,478</u></b>	

**Statement of Changes in Fiduciary Net Position**

**For Year Ended June 30, 2018**

	<b>Private Purpose <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions	\$ 14,815
Miscellaneous	9,108
Investment earnings	2,364
<b>TOTAL ADDITIONS</b>	<b><u>\$ 26,287</u></b>
<b>DEDUCTIONS</b>	
Other expenses	\$ 27,573
<b>TOTAL DEDUCTIONS</b>	<b><u>\$ 27,573</u></b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,286)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b><u>108,764</u></b>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 107,478</u></b>

(See accompanying notes to financial statements)

# PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK

## Notes To The Basic Financial Statements

June 30, 2018

### I. Summary of Significant Accounting Policies

The financial statements of the Pittsford Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. 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 District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

#### 1. Extraclassroom Activity Funds

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

**( I. ) (Continued)**

**B. Joint Venture**

The District is a component of the First Supervisory District of Monroe County Board of Cooperative Educational Services (BOCES). The 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.

A 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 Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$9,214,657 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,285,700.

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

**C. Basis of Presentation**

**1. Districtwide Statements**

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

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

( I. ) (Continued)

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

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

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**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. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

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

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

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



( I. ) (Continued)

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**E. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 8, 2017. Taxes are collected during the period September 1 to October 31, 2017.

Uncollected real property taxes are subsequently enforced by the County of Monroe, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

**F. Restricted Resources**

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

**( I. ) (Continued)**

**G. Interfund Transactions**

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

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.

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

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

**H. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures 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.

**I. Cash and Cash Equivalents**

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

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

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

Investments are stated at fair value.

( I. ) (Continued)

**J.     Receivables**

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible accounts has been provided in the amount of \$76,186 as of June 30, 2018.

**K.     Inventory and Prepaid Items**

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**L.     Capital Assets**

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

( I. ) (Continued)

**M. Unearned Revenue**

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

**N. Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect on the net changes of assumptions or other inputs.

**O. Vested Employee Benefits**

**1. Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

**( I. ) (Continued)**

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

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

**P. Other Benefits**

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

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

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

**Q. Short-Term Debt**

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

( I. ) (Continued)

**R. Accrued Liabilities and Long-Term Obligations**

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

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

**S. Equity Classifications**

**1. District-Wide Statements**

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

- a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
  
- b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<b><u>Total</u></b>
Unemployment Insurance	\$ 385,461
Retirement Contribution	2,303,245
Insurance	1,222,355
Tax Certiorari	928,120
Workers' Compensation Costs	360,363
Debt	3,979,554
Liability	1,636,859
Employee Benefits Accrued Liability	<u>2,662,673</u>
<b>Total Net Position - Restricted for Other Purposes</b>	<b><u>\$ 13,478,630</u></b>

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

( I. ) (Continued)

2. **Fund Statements**

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

a. **Nonspendable 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. Nonspendable fund balance includes:

	<b><u>Total</u></b>
Inventory in school lunch	\$ 26,436
Prepaid items	64,875
<b>Total Nonspendable Fund Balance</b>	<b><u>\$ 91,311</u></b>

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

**Capital Reserve** - According to Education Law §3651, must be 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 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. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

<b><u>Name of Reserve</u></b>	<b><u>Maximum Funding</u></b>	<b><u>Total Funding Provided</u></b>	<b><u>Year to Date Balance</u></b>
May 2015 Bus Capital Reserve	\$ 15,000,000	\$ 9,334,442	\$ 5,385,954
Technology Capital Reserve	\$ 10,000,000	\$ 1,800,000	\$ 1,803,866
Building Capital Reserve	\$ 39,000,000	\$ 30,344,106	\$ 16,124,798

**Reserve for Debt Service** - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

( I. ) (Continued)

**Employee Benefit Accrued Liability Reserve** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits 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.

**Insurance Reserve** - According to General Municipal Law §6-n, must be 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 appropriation, 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.

**Liability Reserve** - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

**Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

**Tax Certiorari Reserve** - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims 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 proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

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



( I. ) (Continued)

**Workers' Compensation Reserve** - According to General Municipal Law §6-j, must be 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.

**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 and School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

<b><u>General Fund -</u></b>	
Capital	\$ 23,314,618
Employee Benefit Accrued Liability	2,662,673
Insurance	1,222,355
Liability	1,636,859
Workers' Compensation	360,363
Retirement Contribution	2,303,245
Tax Certiorari	928,120
Unemployment Insurance	385,461
<b><u>Capital Fund -</u></b>	
Bus Purchase Reserve 2018-19	1,324,047
2013-2014 Renovations	137,349
2014-2015 Renovations	219,200
2015-2016 Renovations	250,000
2016-2017 Renovations	250,000
2017-2018 Renovations	250,000
<b><u>Debt Service Fund -</u></b>	
Debt Service	3,979,554
<b>Total Restricted Funds</b>	<b><u><u>\$ 39,223,844</u></u></b>

( I. ) (Continued)

The District appropriated and/or budgeted funds from the following reserves for the 2018-19 budget:

Workers' Compensation	\$	200,000
Capital		3,010,119
Retirement Contribution		500,000
EBLAR		1,000,000
<b>Total</b>	<b>\$</b>	<b><u>4,710,119</u></b>

c. **Committed** - Includes amounts that can only 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 District has no committed fund balances as of June 30, 2018.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Significant encumbrances for the general fund, management has determined that amounts in excess of \$157,000 are considered significant and are summarized below:

- Central Services \$1,047,853, Teaching-Regular School \$205,801, Handicapped Services \$480,559, and Instructional Media \$727,271.

Assigned fund balances include the following:

General Fund-Encumbrances	\$	2,653,050
General Fund-Appropriated for Taxes		2,854,508
Special Aid - Drivers Education Program		19,089
Special Aid - Summer Enrichment		3,028
School Lunch Fund-Year End Equity		430,854
<b>Total Assigned Fund Balance</b>	<b>\$</b>	<b><u>5,960,529</u></b>

e. **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 and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable 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.

( I. ) (Continued)

3. **Order of Use of Fund Balance**

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

T. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018, the District implemented the following new standards issued by GASB:

GASB has issued Statement 85, *Omnibus 2017*.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*.

U. **Future Changes in Accounting Standards**

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will be effective for reporting periods beginning after June 15, 2018.

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2018.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019

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

II. **Stewardship, Compliance and Accountability**

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

**( II. ) (Continued)**

**A. Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2017-18 fiscal year, the budget was increased by \$1,324,047 from the bus purchase reserve.

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

Budgets are established and used for individual capital projects fund 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.

**B. Encumbrances**

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

**C. Deficit Fund Balance – Capital Projects Fund**

The Capital Projects Fund had a deficit unassigned fund balance of \$1,062,955 at June 30, 2018, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

**D. Deficit Net Position**

The District-wide net position had a deficit at June 30, 2018 of \$142,576,219. The deficit is the result of the implementation of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$290,876,348 at June 30, 2018. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

**III. Cash and Cash Equivalents**

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, included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		55,300,475
<b>Total</b>		<b><u><u>\$ 55,300,475</u></u></b>

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 \$39,223,844 within the governmental funds and \$77,782 in the fiduciary funds.

**IV. Investments**

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District’s investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- A. Insured or registered, or investments held by the District or by the District’s agent in the District’s name, or
- B. Uninsured and unregistered, with the investments held by the financial institutes trust department in the District’s name, or
- C. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District’s name.

<u>Investment</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Unrealized Investment Gain/(Loss)</u>	<u>Type of Investment</u>	<u>Category</u>
Dow Chemical	TE	\$ 29,696	\$ -	Stock	B

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

**V. Receivables**

Receivables at June 30, 2018 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Accounts Receivable	\$ 63,159	\$ 3,110	\$ 66,269
Due From State and Federal	1,455,300	1,036,068	2,491,368
Due From Other Governments	1,733,946	-	1,733,946
Allowance for Uncollectible Accounts	(76,186)	-	(76,186)
<b>Total</b>	<b><u><u>\$ 3,176,219</u></u></b>	<b><u><u>\$ 1,039,178</u></u></b>	<b><u><u>\$ 4,215,397</u></u></b>

**VI. Interfund Receivables, Payables, Revenues and Expenditures**

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2018 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,032,960	\$ 1,315,923	\$ 42,000	\$ 9,938,496
Special Aid Fund	-	1,032,910	165,380	-
School Lunch Fund	-	-	-	-
Debt Service Fund	248	-	8,199,069	-
Capital Fund	1,315,923	298	1,574,047	42,000
<b>Total government activities</b>	<b>\$ 2,349,131</b>	<b>\$ 2,349,131</b>	<b>\$ 9,980,496</b>	<b>\$ 9,980,496</b>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, and debt service expenditures.

**VII. Capital Assets**

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2018</u>
<b>Governmental Activities:</b>				
<b><u>Capital assets that are not depreciated -</u></b>				
Land	\$ 678,810	\$ -	\$ -	\$ 678,810
Work in progress	29,143,681	2,706,369	(29,738,271)	2,111,779
<i>Total Nondepreciable</i>	<u>\$ 29,822,491</u>	<u>\$ 2,706,369</u>	<u>\$ (29,738,271)</u>	<u>\$ 2,790,589</u>
<b><u>Capital assets that are depreciated -</u></b>				
Buildings and improvements	\$ 197,847,835	\$ 29,603,685	\$ -	\$ 227,451,520
Machinery and equipment	17,232,167	1,842,357	(1,213,021)	17,861,503
<i>Total Depreciated Assets</i>	<u>\$ 215,080,002</u>	<u>\$ 31,446,042</u>	<u>\$ (1,213,021)</u>	<u>\$ 245,313,023</u>
<b><u>Less accumulated depreciation -</u></b>				
Buildings and improvements	\$ 95,986,723	\$ 4,586,065	\$ -	\$ 100,572,788
Machinery and equipment	9,028,961	1,564,415	(1,195,273)	9,398,103
<i>Total accumulated depreciation</i>	<u>\$ 105,015,684</u>	<u>\$ 6,150,480</u>	<u>\$ (1,195,273)</u>	<u>\$ 109,970,891</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 110,064,318</u>	<u>\$ 25,295,562</u>	<u>\$ (17,748)</u>	<u>\$ 135,342,132</u>
<b>Total Capital Assets</b>	<b><u>\$ 139,886,809</u></b>	<b><u>\$ 28,001,931</u></b>	<b><u>\$ (29,756,019)</u></b>	<b><u>\$ 138,132,721</u></b>

( VII. ) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government support	\$ 207,512
Instruction	4,193,559
Pupil transportation	1,398,065
School lunch	351,344
<b>Total Depreciation Expense</b>	<b>\$ 6,150,480</b>

**VIII. Short-Term Debt**

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

<u>Type</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/2018</u>
BAN	2012 Capital Project	2/9/2018	1.06%	\$ 11,000,000	\$ -	\$ 11,000,000	\$ -
BAN	2012 Capital Project	2/9/2018	1.09%	17,905,493	-	17,905,493	-
BAN	2013 Capital Project	7/9/2018	2.00%	-	27,760,000	-	27,760,000
<b>Total Short-Term Debt</b>				<b>\$ 28,905,493</b>	<b>\$ 27,760,000</b>	<b>\$ 28,905,493</b>	<b>\$ 27,760,000</b>

A summary of the short-term interest expense for the year is as follows:

Interest paid	\$ 797,105
Less: interest accrued in the prior year	(122,184)
Plus: interest accrued in the current year	218,996
<b>Total interest expense</b>	<b>\$ 893,917</b>

**IX. Long-Term Debt Obligations**

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

<u>Governmental Activities:</u>	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>	<u>Due Within One Year</u>
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 54,235,000	\$ 25,030,000	\$ 5,260,000	\$ 74,005,000	\$ 6,700,000
Energy Performance Contracts	2,807,545	-	754,369	2,053,176	791,671
<b>Total Bonds and Notes Payable</b>	<b>\$ 57,042,545</b>	<b>\$ 25,030,000</b>	<b>\$ 6,014,369</b>	<b>\$ 76,058,176</b>	<b>\$ 7,491,671</b>
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ 7,476,463	\$ -	\$ 5,951,288	\$ 1,525,175	\$ -
OPEB Liability	265,743,300	25,133,048	-	290,876,348	-
Compensated Absences	6,332,150	108,019	-	6,440,169	577,502
<b>Total Other Liabilities</b>	<b>\$ 279,551,913</b>	<b>\$ 25,241,067</b>	<b>\$ 5,951,288</b>	<b>\$ 298,841,692</b>	<b>\$ 577,502</b>
<b>Total Long-Term Obligations</b>	<b>\$ 336,594,458</b>	<b>\$ 50,271,067</b>	<b>\$ 11,965,657</b>	<b>\$ 374,899,868</b>	<b>\$ 8,069,173</b>

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

( IX. ) ( Continued )

Existing serial and statutory bond obligations:

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2018</u>
<b>Serial Bonds -</b>				
Refunding Bond	2012	2023	2.00%-4.00%	\$ 23,210,000
Refunding Bond	2013	2033	2.00%-5.00%	25,765,000
2012 Construction	2018	2034	3.25%-5.00%	25,030,000
<b>Total Serial Bonds</b>				<b>\$ 74,005,000</b>
<b>Energy Performance -</b>				
Energy Performance Contract	2005	2021	4.84%	<b>\$ 2,053,176</b>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Energy Performance Contract</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,700,000	\$ 2,820,913	\$ 791,671	\$ 85,424
2020	7,095,000	2,766,575	830,816	46,278
2021	7,420,000	2,464,175	430,689	7,858
2022	7,760,000	2,147,875	-	-
2023	8,120,000	1,816,825	-	-
2024-28	17,690,000	6,234,113	-	-
2029-33	19,100,000	2,017,575	-	-
2034	120,000	3,900	-	-
<b>Total</b>	<b>\$ 74,005,000</b>	<b>\$ 20,271,951</b>	<b>\$ 2,053,176</b>	<b>\$ 139,560</b>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for 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. \$50,950,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2018 was composed of:

Interest paid	\$ 2,184,700
<u>Less:</u> interest accrued in the prior year	(319,970)
<u>Plus:</u> interest accrued in the current year	181,791
<b>Total interest expense</b>	<b>\$ 2,046,521</b>



**X. Deferred Inflows/Outflows of Resources**

The following is a summary of the deferred inflows/outflows of resources:

	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>
Pension	\$ 10,494,660	\$ 32,026,181
OPEB	14,145,857	37,800,239
Bonds	2,874,180	-
<b>Total</b>	<b><u>\$ 27,514,697</u></b>	<b><u>\$ 69,826,420</u></b>

**XI. Pension Plans**

**A. General Information**

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

**B. Provisions and Administration**

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

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

( XI. ) (Continued)

C. **Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2018:

<b><u>Contributions</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
2018	\$ 2,226,497	\$ 4,519,493

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2018	June 30, 2017
Net pension assets/(liability)	\$ 1,525,175	\$ (2,027,966)
District's portion of the Plan's total net pension asset/(liability)	0.05%	0.27%
Change in proportion since the prior measurement date		

( XI. ) (Continued)

For the year ended June 30, 2018, the District recognized pension expenses of \$2,052,253 for ERS and \$5,166,938 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expended and actual experience	\$ 543,980	\$ 1,668,517	\$ 449,525	\$ 790,680
Changes of assumptions	1,011,317	20,634,945	-	-
Net difference between projected and actual earnings on pension plan investments	2,215,196	-	4,372,574	4,776,446
Changes in proportion and differences between the District's contributions and proportionate share of contributions	617,964	338,153	92,337	13,098
Subtotal	<u>\$ 4,388,457</u>	<u>\$ 22,641,615</u>	<u>\$ 4,914,436</u>	<u>\$ 5,580,224</u>
District's contributions subsequent to the measurement date	660,336	4,335,773	-	-
<b>Grand Total</b>	<b><u>\$ 5,048,793</u></b>	<b><u>\$ 26,977,388</u></b>	<b><u>\$ 4,914,436</u></b>	<b><u>\$ 5,580,224</u></b>

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2018	\$ -	\$ 537,685
2019	534,889	5,527,765
2020	405,446	3,975,206
2021	(1,007,946)	1,038,256
2022	(458,368)	3,963,839
Thereafter	-	2,018,640
<b>Total</b>	<b><u>\$ (525,979)</u></b>	<b><u>\$ 17,061,391</u></b>

**E. Actuarial Assumptions**

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.00%	7.25%
Salary scale	3.80%	4.01% - 10.91%
Decrement tables	April 1, 2010- March 31, 2015	July 1, 2009- June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.50%
COLA's	1.30%	1.50%

( XI. ) (Continued)

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

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

<b>Long Term Expected Rate of Return</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2018	June 30, 2017
<b><u>Asset Type -</u></b>		
Domestic equity	4.55%	5.90%
International equity	6.35%	7.40%
Private equity	7.50%	0.00%
Real estate	5.55%	4.30%
Absolute return strategies *	3.75%	0.00%
Opportunistic portfolios	5.68%	0.00%
Real assets	5.29%	0.00%
Bonds and mortgages	1.31%	2.80%
Cash	-0.25%	0.00%
Inflation-indexed bonds	1.25%	0.00%
Alternative investments	0.00%	9.00%
Domestic fixed income securities	0.00%	1.60%
Global fixed income securities	0.00%	1.30%
Short-term	0.00%	0.60%

The real rate of return is net of the long-term inflation assumption of 2.5%

\* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

**F. Discount Rate**

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

( XI. ) (Continued)

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

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

	<b>1% Decrease (6%)</b>	<b>Current Assumption (7%)</b>	<b>1% Increase (8%)</b>
<b>ERS</b>			
Employer's proportionate share of the net pension asset (liability)	\$ (11,539,884)	\$ (1,525,175)	\$ 6,946,869
	<b>1% Decrease (6.25%)</b>	<b>Current Assumption (7.25%)</b>	<b>1% Increase (8.25%)</b>
<b>TRS</b>			
Employer's proportionate share of the net pension asset (liability)	\$ (34,935,841)	\$ 2,027,966	\$ 32,983,319

**H. Pension Plan Fiduciary Net Position**

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

	<b>(In Thousands)</b>	
	<b>ERS</b>	<b>TRS</b>
Measurement date	March 31, 2018	June 30, 2017
Employers' total pension liability	\$ 183,400,590	\$ 114,708,261
Plan net position	180,173,145	115,468,360
Employers' net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099</u>
Ration of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%

**I. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$660,336.

( XI. ) (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$4,519,493.

**XII. Postemployment Benefits**

**A. General Information About the OPEB Plan**

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

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

*Employees Covered by Benefit Terms* – At March 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,014
Active Employees	<u>1,002</u>
<b>Total</b>	<b><u><u>2,016</u></u></b>

**B. Total OPEB Liability**

The District’s total OPEB liability of \$290,876,348 was measured as of March 31, 2018, and was determined by an actuarial valuation as of that date.

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

( XII. ) (Continued)

Inflation	2.2 percent
Salary Increases	3.31 percent, average, including inflation
Discount Rate	3.61 percent
Healthcare Cost Trend Rates	Initial rate of 5.2 percent for 2016, decreasing to an ultimate rate of 3.8 percent.
Retirees' Share of Benefit-Related Costs	Varies between 80% and 100% depending on the contract

The discount rate was based on a tax exempt, high quality 20-year tax-exempt general obligation municipal bond yield or index rate.

Mortality rates were based on 2015 NYSTRS retirement mortality rates, as appropriate, with adjustments for mortality improvements based on Scale AA.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2017	<u>\$ 265,743,300</u>
<u>Changes for the Year -</u>	
Service cost	\$ 9,016,313
Interest	10,190,452
Changes of benefit terms	(459,965)
Differences between expected and actual experience	6,060,831
Changes in assumptions or other inputs	6,915,240
Benefit payments	<u>(6,589,823)</u>
Net Changes	<u>\$ 25,133,048</u>
<b>Balance at June 30, 2018</b>	<b><u><u>\$ 290,876,348</u></u></b>

Changes of benefit terms reflect the following:

- The Single Discount Rate changed from 3.80% to 3.61% effective June 30, 2018
- Mortality rate updated to Adjusted RP-2014 combined mortality, fully generational using scale MP-2017

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.61 percent) or 1-percentage-point higher (4.61 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount</b>	<b>1% Increase</b>
	<b><u>(2.61%)</u></b>	<b>Rate</b>	<b><u>(4.61%)</u></b>
		<b><u>(3.61%)</u></b>	
Total OPEB Liability	\$ 345,135,003	\$ 290,876,348	\$ 348,152,393

( XII. ) (Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.17 percent) or 1-percentage-point higher (5.17 percent) than the current healthcare cost trend rate:

	<b>1% Decrease (4.20% Decreasing to 3.17%</b>	<b>Healthcare Cost Trend Rates (6.20% Decreasing to 4.17%</b>	<b>1% Increase (7.20% Decreasing to 5.17%</b>
Total OPEB Liability	\$ 235,073,711	\$ 290,876,348	\$ 369,849,149

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$22,737,395. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expended and actual experience	\$ 30,648,816	\$ -
Changes of assumptions	5,503,967	14,145,857
<b>Total</b>	<b>\$ 36,152,783</b>	<b>\$ 14,145,857</b>

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

<b>Year</b>	
2019	\$ 3,990,595
2020	3,990,595
2021	3,990,595
2022	3,725,781
2023	1,342,418
Thereafter	4,966,942
<b>Total</b>	<b>\$ 22,006,926</b>

**XIII. Risk Management**

**A. General Information**

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.



( XIII. ) (Continued)

**B. Health Plan**

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

**1. Plan I**

The Plans objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plans may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plans year. Plan members bear an equal proportionate share of the Plans' assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plans are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan's members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in a exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling \$2,181,967.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2017, revealed that the Plan was fully funded.

**2. Plan II**

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2018.

**( XIII. ) (Continued)**

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The Plan has not been audited as this is the first full year of operation as an Article 47 Health Trust, however, unaudited financial statements indicates the Plan is funded as of June 30, 2018. An annual audit of the December 31, 2018 financial statements will take place in early 2019.

During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling \$18,477,371.

**C. Workers' Compensation**

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

**( XIII. ) (Continued)**

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling \$686,217.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2017, revealed that the Plan was underfunded.

**D. Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2017-18 fiscal year totaled \$7,612. The balance of the fund at June 30, 2018 was \$385,461 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2018, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

**E. Health Fund**

The Health Fund was established effective July 1, 1990 for all members of the teaching staff with an FTE of .5 or more. The District contributes yearly an amount to be used for the payment of medical and health care expenses incurred by the employee and eligible dependents. Unused balances roll to the next year. The full time teacher contribution during 2017-18 was \$850 for teachers and \$900 for paraprofessionals per individual plus administrative fees. Part-time teachers and paraprofessionals received a reduced amount.

**( XIII. ) (Continued)**

For fiscal year 2017-18 the District expended \$558,718 for teachers and paraprofessionals. The unexpended balance in the Health Fund account at June 30, 2018 which represents the cumulative running balance of the participants amounted to \$1,832,063 and is reported as other liabilities in the Trust and Agency Fund.

**F. Dental Fund**

The District has a self insured plan for dental coverage. The plan is administered by a third party administrator who pays the claims directly to the dentists. The District then reimburses the third party administrator for the exact amount of the claims paid. The total cost to the District for dental claims during 2017-18 was \$922,907.

**XIV. Commitments and Contingencies**

**A. Litigation**

The District has two pending claims involving a former employee relating to an EEOC complaint and one a claim filed relating to a civil rights complaint. In addition, the District has several real property tax assessment matters in which the individuals are requesting reductions of their tax assessments. The financial outcome of these matters cannot be determined at this time.

**B. Grants**

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

**XV. Lease Commitments and Leased Assets**

The District leases photocopying equipment under the terms of various non-cancelable leases. Rental expense for the (equipment) was \$115,458.

Minimum annual rentals for each of the remaining years of the lease are as follows:

<b><u>Year Ending</u></b>		<b><u>Amount</u></b>
<b><u>June 30,</u></b>		
2019	\$	115,458
2020	\$	78,260
2021	\$	28,949

**XVI. Tax Abatement**

The County of Mornoe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced \$338,180. The District received payment in lieu of tax (PILOT) payment totaling \$272,814 to help offset the property tax reduction. The total net tax abated was \$65,366.

**Required Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Changes in District's Total OPEB Liability and Related Ratio**  
**(Unaudited)**  
**For Year Ended June 30, 2018**

<b>TOTAL OPEB LIABILITY</b>			
		<u><b>2018</b></u>	<u><b>2017</b></u>
Service cost	\$	9,016,313	\$ 8,311,872
Interest		10,190,452	8,148,245
Changes in benefit terms		(459,965)	-
Differences between expected and actual experiences		6,060,831	31,761,645
Changes of assumptions or other inputs		6,915,240	(17,397,777)
Benefit payments		(6,589,823)	(5,928,449)
<b>Net Change in Total OPEB Liability</b>	<b>\$</b>	<b>25,133,048</b>	<b>\$ 24,895,536</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$</b>	<b>265,743,300</b>	<b>\$ 240,847,764</b>
<b>Total OPEB Liability - Ending</b>	<b>\$</b>	<b>290,876,348</b>	<b>\$ 265,743,300</b>
Covered Employee Payroll	\$	50,378,752	\$ 50,378,752
Total OPEB Liability as a Percentage of Covered Employee Payroll		577.38%	527.49%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**(Unaudited)**  
**For Year Ended June 30, 2018**

<b>NYSERS Pension Plan</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Proportion of the net pension liability (assets)	0.0473%	0.0488%	0.0498%	0.0482%
Proportionate share of the net pension liability (assets)	\$ 1,525,175	\$ 4,586,926	\$ 7,990,840	\$ 1,629,503
Covered-employee payroll	\$ 15,376,066	\$ 15,070,830	\$ 14,262,724	\$ 14,403,537
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	9.919%	30.436%	56.026%	11.313%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

<b>NYSTRS Pension Plan</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Proportion of the net pension liability (assets)	0.2668%	0.2698%	0.2730%	0.2725%
Proportionate share of the net pension liability (assets)	\$ (2,027,966)	\$ 2,889,537	\$ (28,352,181)	\$ (30,355,697)
Covered-employee payroll	\$ 44,242,586	\$ 43,225,052	\$ 42,391,356	\$ 41,669,104
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-4.584%	6.685%	-66.882%	-72.849%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of District Contributions**  
**(Unaudited)**  
**For Year Ended June 30, 2018**

<b>NYSERS Pension Plan</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contributions	\$ 2,226,497	\$ 2,200,715	\$ 2,420,688	\$ 2,596,813
Contributions in relation to the contractually required contribution	<u>(2,226,497)</u>	<u>(2,200,715)</u>	<u>(2,420,688)</u>	<u>(2,596,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 15,376,066	\$ 15,070,830	\$ 14,262,724	\$ 14,403,537
Contributions as a percentage of covered-employee payroll	14.48%	14.60%	16.97%	18.03%

<b>NYSTRS Pension Plan</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contributions	\$ 4,519,493	\$ 5,275,356	\$ 5,750,979	\$ 7,416,144
Contributions in relation to the contractually required contribution	<u>(4,519,493)</u>	<u>(5,275,356)</u>	<u>(5,750,979)</u>	<u>(7,416,144)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 44,242,586	\$ 43,225,052	\$ 42,391,356	\$ 41,669,104
Contributions as a percentage of covered-employee payroll	10.22%	12.20%	13.57%	17.80%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2018**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 97,875,108	\$ 90,497,963	\$ 90,422,332	\$ (75,631)
Real property tax items	67,196	7,444,341	7,651,814	207,473
Non-property taxes	5,110,000	5,110,000	5,588,704	478,704
Charges for services	398,921	398,921	592,882	193,961
Use of money and property	125,000	125,000	390,994	265,994
Sale of property and compensation for loss	42,200	42,200	166,844	124,644
Miscellaneous	434,804	434,804	1,013,397	578,593
<b>State Sources -</b>				
Basic formula	20,451,441	20,451,441	15,986,539	(4,464,902)
Lottery aid	-	-	5,190,413	5,190,413
BOCES	2,632,896	2,632,896	2,285,700	(347,196)
Textbooks	364,936	364,936	361,150	(3,786)
<b>All Other Aid -</b>				
Computer software	184,385	184,385	181,575	(2,810)
Library loan	40,631	40,631	40,025	(606)
Handicapped students	-	-	103,100	103,100
Other aid	50,000	50,000	52,500	2,500
<b>Federal Sources</b>	<u>40,000</u>	<u>40,000</u>	<u>41,039</u>	<u>1,039</u>
<b>TOTAL REVENUES</b>	<u>\$ 127,817,518</u>	<u>\$ 127,817,518</u>	<u>\$ 130,069,008</u>	<u>\$ 2,251,490</u>
<b>Other Sources -</b>				
Transfer - in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,000</u>	<u>\$ 42,000</u>
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>\$ 127,817,518</u>	<u>\$ 127,817,518</u>	<u>\$ 130,111,008</u>	<u>\$ 2,293,490</u>
Appropriated reserves	<u>\$ 713,000</u>	<u>\$ 2,037,047</u>		
Appropriated fund balance	<u>\$ 1,534,000</u>	<u>\$ 1,534,000</u>		
Prior year encumbrances	<u>\$ 1,831,221</u>	<u>\$ 1,831,221</u>		
<b>TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE</b>	<u><u>\$ 131,895,739</u></u>	<u><u>\$ 133,219,786</u></u>		



**Required Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2018**

	<b>Original</b>	<b>Amended</b>	<b>Current</b>		<b>Unencumbered</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b>Year's</b>	<b><u>Encumbrances</u></b>	<b><u>Balances</u></b>
			<b><u>Expenditures</u></b>		
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 40,921	\$ 43,276	\$ 35,797	\$ 1,988	\$ 5,491
Central administration	342,372	357,726	348,318	3,448	5,960
Finance	916,646	913,054	858,653	13,810	40,591
Staff	889,353	904,297	715,461	17,972	170,864
Central services	8,998,032	9,055,322	7,664,991	1,047,853	342,478
Special items	1,557,275	1,554,673	1,449,494	596	104,583
<b>Instructional -</b>					
Instruction, administration and improvement	3,837,656	3,946,311	3,734,128	4,533	207,650
Teaching - regular school	35,079,841	35,197,780	33,621,074	205,801	1,370,905
Programs for children with handicapping conditions	15,330,248	15,401,165	14,060,696	480,559	859,910
Occupational education	405,724	405,724	311,154	9,846	84,724
Teaching - special schools	24,000	24,000	20,846	3,154	-
Instructional media	4,431,316	5,150,845	4,272,451	727,271	151,123
Pupil services	6,597,876	6,620,059	6,323,947	67,119	228,993
<b>Pupil Transportation</b>	4,539,787	4,539,665	3,966,854	69,100	503,711
<b>Employee Benefits</b>	38,300,020	37,177,170	34,648,204	-	2,528,966
<b>Debt service - principal</b>	813,110	1,145,493	1,145,493	-	-
<b>Debt service - interest</b>	1,155,493	823,110	797,105	-	26,005
<b>TOTAL EXPENDITURES</b>	<u>\$ 123,259,670</u>	<u>\$ 123,259,670</u>	<u>\$ 113,974,666</u>	<u>\$ 2,653,050</u>	<u>\$ 6,631,954</u>
<b>Other Uses -</b>					
Transfers - out	8,636,069	9,960,116	9,938,496	-	\$ 21,620
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 131,895,739</u>	<u>\$ 133,219,786</u>	<u>\$ 123,913,162</u>	<u>\$ 2,653,050</u>	<u>\$ 6,653,574</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>					
	\$ -	\$ -	\$ 6,197,846		
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>37,650,076</u>	<u>37,650,076</u>	<u>37,650,076</u>		
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 37,650,076</u>	<u>\$ 37,650,076</u>	<u>\$ 43,847,922</u>		

**Note to Required Supplementary Information:**

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

**Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Real Property Tax Limit**  
**For Year Ended June 30, 2018**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget		\$ 130,064,518
Prior year's encumbrances		1,831,221
<b>Original Budget</b>		<b>\$ 131,895,739</b>
Budget revisions -		
Capital reserve - bus purchases		1,324,047
<b>FINAL BUDGET</b>		<b>\$ 133,219,786</b>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:**

2018-19 voter approved expenditure budget		\$ 136,544,880
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 5,507,558	
Unassigned fund balance	5,461,795	
Total Unrestricted fund balance	\$ 10,969,353	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 2,854,508	
Encumbrances included in assigned fund balance	2,653,050	
Total adjustments	\$ 5,507,558	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		5,461,795
<b>ACTUAL PERCENTAGE</b>		<b>4.00%</b>

Supplementary Information  
PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK  
CAPITAL PROJECTS FUND  
Schedule of Project Expenditures  
For Year Ended June 30, 2018

Project Title	Expenditures					Unexpended Balance	Methods of Financing			Fund Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total		Obligations	Local Sources	Total	
<b>Capital Reserves:</b>										
Bus Purchase Reserve 2017-18	\$ 1,309,761	\$ 1,309,761	\$ -	\$ 1,309,761	\$ 1,309,761	\$ -	\$ -	\$ 1,309,761	\$ 1,309,761	\$ -
Bus Purchase Reserve 2018-19	1,324,047	1,324,047	-	-	-	1,324,047	-	1,324,047	1,324,047	1,324,047
<b>Capital Funded by:</b>										
2012-2013 Renovations	250,000	250,000	165,099	84,901	250,000	-	-	250,000	250,000	-
2013-2014 Renovations	369,200	369,200	127,077	104,774	231,851	137,349	-	369,200	369,200	137,349
2014-2015 Renovations	250,000	250,000	30,800	-	30,800	219,200	-	250,000	250,000	219,200
2015-2016 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	250,000	250,000
2016-2017 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	250,000	250,000
2017-2018 Renovations	250,000	250,000	-	-	-	250,000	-	250,000	250,000	250,000
<b>Capital Reserve December 2012 Authorization:</b>										
Capital Reserve Projects	43,131,786	43,131,786	38,473,447	2,516,694	40,990,141	2,141,645	25,030,000	14,897,186	39,927,186	(1,062,955)
<b>TOTAL</b>	<b>\$ 47,384,794</b>	<b>\$ 47,384,794</b>	<b>\$ 38,796,423</b>	<b>\$ 4,016,130</b>	<b>\$ 42,812,553</b>	<b>\$ 4,572,241</b>	<b>\$ 25,030,000</b>	<b>\$ 19,150,194</b>	<b>\$ 44,180,194</b>	<b>\$ 1,367,641</b>

**Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combined Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2018**

	<b>Special</b>			<b>Total</b>
	<b>Revenue Funds</b>			
	<b>Special</b>	<b>School</b>	<b>Debt</b>	<b>Governmental</b>
	<b>Aid</b>	<b>Lunch</b>	<b>Service</b>	<b>Funds</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 243,601	\$ 548,517	\$ 3,979,306	\$ 4,771,424
Receivables	1,036,538	2,640	-	1,039,178
Inventories	-	26,436	-	26,436
Due from other funds	-	-	248	248
<b>TOTAL ASSETS</b>	<b>\$ 1,280,139</b>	<b>\$ 577,593</b>	<b>\$ 3,979,554</b>	<b>\$ 5,837,286</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b><u>Liabilities</u> -</b>				
Accounts payable	\$ 26,651	\$ 3,004	\$ -	\$ 29,655
Accrued liabilities	2,826	-	-	2,826
Due to other funds	1,032,911	-	-	1,032,911
Due to other governments	-	315	-	315
Compensated Absences	-	11,624	-	11,624
Unearned revenue	195,634	105,360	-	300,994
<b>TOTAL LIABILITIES</b>	<b>\$ 1,258,022</b>	<b>\$ 120,303</b>	<b>\$ -</b>	<b>\$ 1,378,325</b>
<b><u>Fund Balances</u> -</b>				
Nonspendable	\$ -	\$ 26,436	\$ -	\$ 26,436
Restricted	-	-	3,979,554	3,979,554
Assigned	22,117	430,854	-	452,971
<b>TOTAL FUND BALANCE</b>	<b>\$ 22,117</b>	<b>\$ 457,290</b>	<b>\$ 3,979,554</b>	<b>\$ 4,458,961</b>
<b>TOTAL LIABILITIES AND</b>				
<b>FUND BALANCES</b>	<b>\$ 1,280,139</b>	<b>\$ 577,593</b>	<b>\$ 3,979,554</b>	<b>\$ 5,837,286</b>

**Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combined Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For Year Ended June 30, 2018**

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ 987	\$ 6,327	\$ 7,314
Miscellaneous	185,788	5,308	-	191,096
State sources	670,254	-	-	670,254
Federal sources	1,590,992	-	-	1,590,992
Sales	-	1,795,662	-	1,795,662
Premium on obligations issued	-	-	3,146,879	3,146,879
<b>TOTAL REVENUES</b>	<b>\$ 2,447,034</b>	<b>\$ 1,801,957</b>	<b>\$ 3,153,206</b>	<b>\$ 7,402,197</b>
<b>EXPENDITURES</b>				
General support	\$ -	\$ -	\$ 333,271	\$ 333,271
Instruction	2,407,928	-	-	2,407,928
Pupil transportation	172,965	-	-	172,965
Employee benefits	39,794	416,372	-	456,166
Debt service - principal	-	-	6,014,369	6,014,369
Debt service - interest	-	-	2,184,700	2,184,700
Cost of sales	-	611,134	-	611,134
Other expenses	-	760,377	-	760,377
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,620,687</b>	<b>\$ 1,787,883</b>	<b>\$ 8,532,340</b>	<b>\$ 12,940,910</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (173,653)</b>	<b>\$ 14,074</b>	<b>\$ (5,379,134)</b>	<b>\$ (5,538,713)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - in	\$ 165,380	\$ -	\$ 8,199,069	\$ 8,364,449
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 165,380</b>	<b>\$ -</b>	<b>\$ 8,199,069</b>	<b>\$ 8,364,449</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (8,273)</b>	<b>\$ 14,074</b>	<b>\$ 2,819,935</b>	<b>\$ 2,825,736</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>30,390</b>	<b>443,216</b>	<b>1,159,619</b>	<b>1,633,225</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 22,117</b>	<b>\$ 457,290</b>	<b>\$ 3,979,554</b>	<b>\$ 4,458,961</b>

**Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**For Year Ended June 30, 2018**

<b>Capital assets, net</b>		\$ 138,132,721
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ 6,700,000	
Long-term portion of bonds payable	67,305,000	
Assets purchased with short-term financing	1,062,955	
Short-term portion of energy performance contracts	791,671	
Long-term portion of energy performance contracts	<u>1,261,505</u>	
		<u>77,121,131</u>
<b>Net Investment in Capital Assets</b>		<b><u><u>\$ 61,011,590</u></u></b>

**Supplementary Information**  
**PITTSFORD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Year Ended June 30, 2018**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-18-0368	\$ 1,228,869
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-18-0368	<u>29,407</u>
<b>Total Special Education Cluster IDEA</b>				<b>\$ 1,258,276</b>
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-17-1385	44,211
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-18-1385	57,745
Title III I - LEP	84.365	N/A	0149-17-1385	107
Title III I - LEP	85.365	N/A	0149-18-1385	6,935
Title III Newcomer	84.365	N/A	0152-17-1385	19,143
Title IIIA - LEP	84.365	N/A	0293-18-1385	3,444
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-17-1385	8,685
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-18-1385	<u>192,684</u>
<b>Total U.S. Department of Education</b>				<b>\$ 1,591,230</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u><u>\$ 1,591,230</u></u></b>

**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***

**Independent Auditors' Report**

To the Board of Education  
Pittsford Central School District, New York

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 the Pittsford Central School District, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Pittsford Central School District, New York's basic financial statements, and have issued our report thereon dated September 11, 2018.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Pittsford Central School District, New York's internal control over financial reporting 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 Pittsford Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pittsford Central School District, New York'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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Pittsford Central School District, New York'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York  
September 11, 2018

