

# *BOULRICE & WOOD CPAS, P.C.*

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## *Certified Public Accountants*

*MICHAEL L. BOULRICE, CPA*  
September 12, 2017

*STEPHEN P. WOOD, CPA*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Willsboro Central School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 28, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Willsboro Central School District are described in Note 1 to the financial statements. Accounting policies for GASB 77 were adopted this year and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 12, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Willsboro Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Willsboro Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information and Schedule of Funding Progress Other Post-Employment Benefits Plan, and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures – Capital Projects Fund, and Net investment In Capital Assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Audit Comments

Employee Benefit Accrued Liability Reserve – As stated in the NYSED Reference Manual, contributions to the Employee Benefit Accrued Liability Reserve Fund are only available to pay accrued vacation and sick-time due an employee upon termination. The balance of accrued vacation and sick-time at June 30, 2017 was \$220,169. The balance in the reserve fund at June 30, 2016 was \$586,470. The excess funding amounts to \$366,301.

This reserve fund **cannot** be used to accumulate monies for GASB #45 "Post Employment Benefits" as New York State does not allow funding for this future liability.

Retirement Reserve- Contributions to the retirement reserve fund are only available to pay contributions to the NYS Employee Retirement System. The balance in the reserve fund at June 30, 2017 was \$123,858 which represents more than one year of contributions at the current rate. Section 6-r of General Municipal Law states the amount reserved can be all or any portion of the amount payable to NYS ERS. We suggest the District determine the impact of having a potential excess reserve balance.

We would again like to thank Ms. Sheila Vanags for her assistance during our audit of the financial records for the school district. Accounts were reconciled to supporting documentation which was provided to us prior to our beginning fieldwork. It is a pleasure to work with a team who has an interest in the District and its operation as represented by the staff and management of Willsboro Central School District.

Restriction on Use

This information is intended solely for the use of the Board and management of the Willsboro Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Boulrice & Wood CPAs, PC*

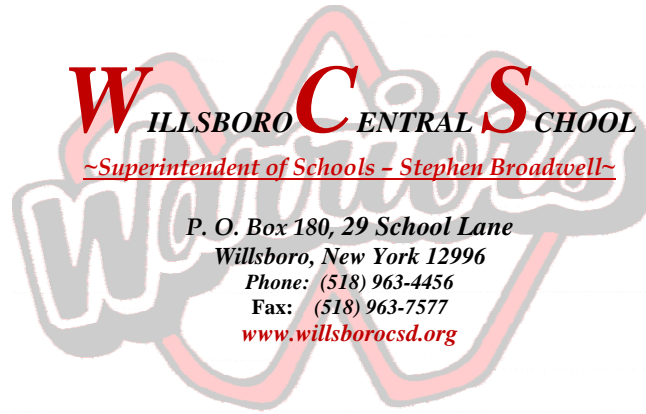
Boulrice & Wood CPA's PC

Dean of Students  
Charmaine Flynn

CSE Chairperson  
Jennifer Leibeck

Guidance Counselor  
Chris Ford

Athletic Director  
Michael Douglas



Board of Education  
Phyllis Klein, President  
Herb Longware, Vice President  
Don Hollingsworth  
Craig Jackson  
Kasey Young

Brandy Pierce, District Clerk  
Sheila Vanags, Treasurer

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## MEMORANDUM

To: Willsboro Board of Education

From: Stephen Broadwell, Superintendent of Schools

Re: District Response to Management Letter

Date: September 26, 2017

### Retirement Contribution Reserve

The District recognizes this reserve has more than one year of contributions. We do not intend to fund this reserve with any future contributions and expect to use reserve monies to offset a portion of the district's NYSERS bill within the next couple of years. With the continued fiscal uncertainties within New York State, this reserve allows for financial stability.

### Employee Benefit Accrued Liability Reserve

The District continues to monitor our potential long term liability in retirement benefits. We have several employees expected to retire within the next few years and this reserve will fund the benefits of the retirees. Also, the district expects this will be an area in our upcoming collective bargaining with our teachers association and could significantly increase our long term costs.

**WILLSBORO CENTRAL  
SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2017 AND 2016**

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# ***BOULRICE & WOOD CPAS, P.C.***

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## ***Certified Public Accountants***

***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Willsboro Central School District  
Willsboro, 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 Willsboro Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2016 financial statements, and in our report dated September 6, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

#### **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 of material misstatement.

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

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

## **Opinions**

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

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 11), budgetary comparison information (pages 51 & 52), Schedule of Funding Progress Other Post-Employment Benefits Plan (page 55) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 56-59) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Willsboro Central School District's basic financial statements as a whole. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures – Capital Projects Fund, and Net Investment in Capital Assets, are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures – Capital Projects Fund and Net Investment in Capital Assets, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2017 on our consideration of the Willsboro Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Willsboro Central School District's internal control over financial reporting and compliance.

*Boulrice & Wood CPAs, PC*

Boulrice & Wood, CPA's PC  
September 12, 2017

The following is Management's Discussion and Analysis (MD&A) of the Willsboro Central School District's financial performance for the fiscal year ended June 30, 2017. The MD&A is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements.

This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS FOR 2016-2017**

- Net position for the general fund increased \$120,989.
- Net position for the cafeteria fund increased \$2,069.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the MD&A, a series of financial statements, and required supplementary information. The district-wide statements are organized so the reader can understand Willsboro Central Rural District as a financial whole, an entire operating entity. The statements then proceed to provide an increased focus on individual parts of the District in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

The district-wide financial statements are designed to be similar to corporate statements in that all governmental and business type activities are consolidated. The Statement of Net Position combines governmental fund's current financial resources with capital assets and long-term obligations.

NET POSITION  
 GOVERNMENTAL ACTIVITIES

|  | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|--|----------------------|----------------------|
| Current and Other Assets                       | \$ 4,275,937         | \$ 5,922,492         |
| Capital Assets                                 | 8,742,286            | 8,953,133            |
| Total Assets                                   | <u>13,018,223</u>    | <u>14,875,625</u>    |
| Deferred Outflow of Resources                  |                      |                      |
| Unamortized Defeasance Loss                    | 138,947              | 150,526              |
| Pensions                                       | 1,897,205            | 669,648              |
| Total Assets and Deferred Outflow of Resources | <u>\$ 15,054,375</u> | <u>\$ 15,695,799</u> |
| Long-Term Liabilities                          | \$ 17,511,297        | \$ 16,647,114        |
| Other Liabilities                              | 218,626              | 117,222              |
| Total Liabilities                              | <u>17,729,923</u>    | <u>16,764,336</u>    |
| Deferred Inflow of Resources                   |                      |                      |
| Pensions                                       | <u>98,002</u>        | <u>649,787</u>       |
| Net Assets                                     |                      |                      |
| Net Invested in Capital Assets                 | \$ 1,770,785         | \$ 1,658,523         |
| Restricted                                     | 1,449,071            | 1,471,993            |
| Unrestricted                                   | <u>(5,993,406)</u>   | <u>(4,848,840)</u>   |
| Total Net Assets                               | <u>(2,773,550)</u>   | <u>(1,718,324)</u>   |
| Total Liabilities and Net Assets               | <u>\$ 15,054,375</u> | <u>\$ 15,695,799</u> |

The Statement of Net Position includes all of the District's assets and liabilities. The largest portion of the District's assets is the investment in capital assets (land, building, equipment), less the outstanding balance of bonds used to acquire, construct, and improve the assets. These assets are used to provide educational services to students; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from the general fund budget. These assets are not to be liquidated to pay any of the debt.

Investment in capital assets increased 6.8% from 2015-2016 to 2016-2017. This is primarily from the payment of outstanding debt. The district had some equipment purchases from the general fund budget that increased the investment in capital assets.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted net position amount is restricted for capital, debt and various reserves.

- A capital reserve is established to pay the cost of any object or purpose for which bonds may be used.
- Debt is restricted for payment of principal and interest on long-term debt.

The unrestricted net position decreased by \$1,144,566 largely due to GASB 45 "Accounting for other Post-Employment Benefits".

Net position is the difference between the District's assets and liabilities, which is one way to measure financial health or position. There are three categories of net position: net investment in capital assets, restricted assets, and unrestricted assets.

CHANGES IN NET POSITION  
 (STATEMENT OF ACTIVITIES)

| <b>Revenues:</b>           | <u>June 30, 2017</u>         | <u>June 30, 2016</u>       |
|----------------------------|------------------------------|----------------------------|
| Program Revenues:          |                              |                            |
| Charges for services       | \$ 41,999                    | \$ 39,058                  |
| Operating grants           | 289,416                      | 287,256                    |
| Total program revenues     | <u>331,415</u>               | <u>326,314</u>             |
| General Revenues:          |                              |                            |
| Property Taxes             | 5,162,788                    | 5,159,883                  |
| State Aid                  | 2,285,812                    | 2,281,824                  |
| Federal Aid                | 17,709                       | 15,314                     |
| Use of Money and Property  | 7,882                        | 9,250                      |
| Charges for services       | 18,373                       | 4,311                      |
| Miscellaneous              | 100,414                      | 106,086                    |
| Total general revenues     | <u>7,592,978</u>             | <u>7,576,668</u>           |
| <b>Total Revenues:</b>     | <u><b>7,924,393</b></u>      | <u><b>7,902,982</b></u>    |
| <br>                       |                              |                            |
| <b>Expenses:</b>           |                              |                            |
| General Government Support | 1,050,633                    | 984,344                    |
| Instruction                | 3,958,835                    | 3,828,976                  |
| Pupil Transportation       | 299,730                      | 313,770                    |
| Employee Benefits          | 3,285,008                    | 2,785,867                  |
| Debt Service – Interest    | 340,542                      | 357,022                    |
| Cost of Sales – food       | 44,871                       | 43,519                     |
| <b>Total Expenses:</b>     | <u><b>8,979,619</b></u>      | <u><b>8,313,498</b></u>    |
| <br>                       |                              |                            |
| Decrease in Net Position:  | <u><b>\$ (1,055,226)</b></u> | <u><b>\$ (410,516)</b></u> |

The Statement of Activities is similar to an income statement, in that it reports revenues, expenses, and changes in net position. The greatest amount of revenues comes from one source, property taxes, totaling \$5,162,788. The District is susceptible to fluctuations in the New York State budget. Less money means a higher property tax rate and an unknown New York State budget further complicates the District's planning process. The largest expense categories are instruction to students, \$3,958,835 and employee benefits, \$3,285,008. The District has a decrease in net position of \$(1,055,226).

The total increase in expenses was 8.0%. However, the largest percentage increase was to governmental support and employee benefits, which was 6.7 and 17.9%, respectively.

All of the District's programs and services are reported in the district-wide financial statements as governmental activities. Most of the District's services are included here, such as regular

and special education, support services, operation and maintenance of school, pupil transportation, extracurricular activities and administration. Property taxes and State formula aid finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The governmental fund financial statements are presented on a modified accrual basis; whereas, the governmental activities in the district-wide statements are presented on an accrual basis of accounting. The District has two kinds of funds, governmental and fiduciary.

*Governmental Funds.* Most of the District's activities are reported in governmental funds, which focus on how cash flows in and out of the funds and the balances left at year end are available for future spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are financial resources that can be spent to finance the District's programs. Any differences between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

General Fund. The total fund balance increased 3.4% from 2015-2016 to 2016-2017.

Cafeteria Fund (listed under Special Revenue). The fund balance is currently \$5,498, \$2,069 above the prior year. This fund experienced a decrease in employee benefits. The cost of food and supplies increased by a small amount. Sales rose slightly. The District transferred \$29,998 into the Cafeteria Fund to supplement the shortage experienced by the cafeteria.

Debt Service Fund. The fund balance increased \$321.

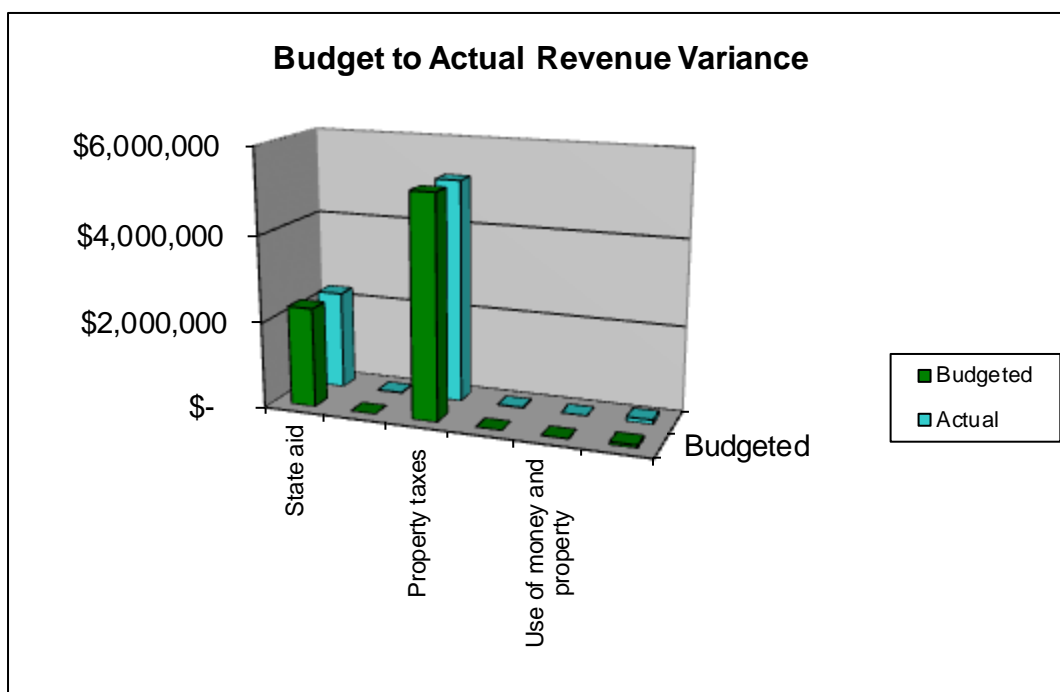
*Fiduciary Funds.* The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's general fund budget is prepared according to New York State law. During the 2016-2017 school year the original budget increased \$39,238. The increase of \$32,238 and \$7,000 was from prior year encumbrances and gifts and donations, respectively .

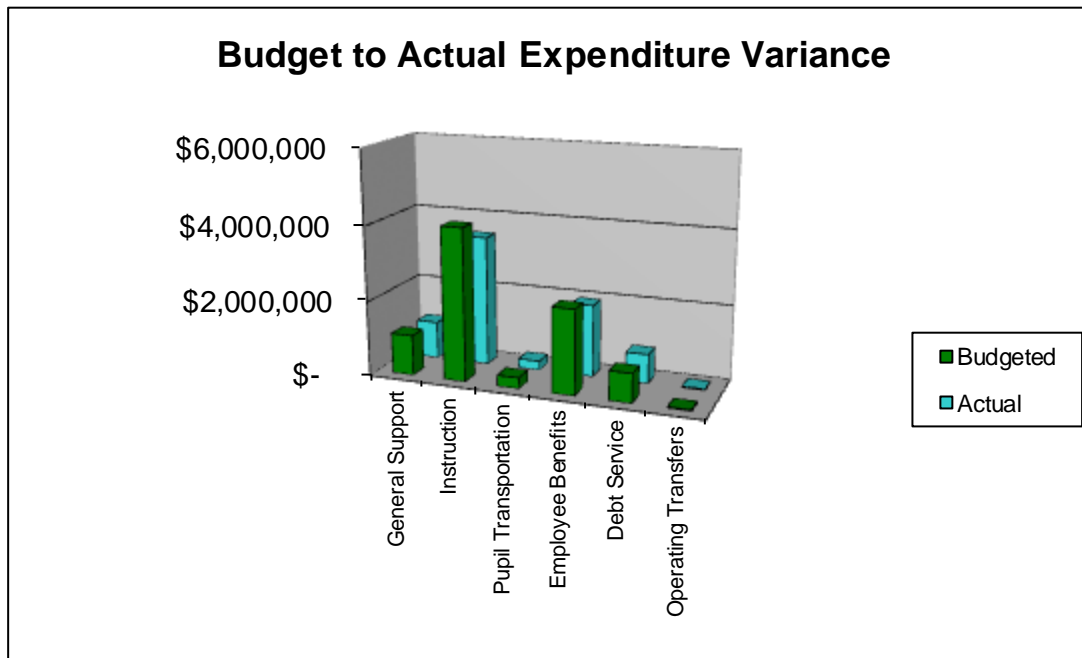
The budget increased from 2015-2016 to 2016-2017, \$8,245,709 to \$8,472,961.

General fund actual revenues exceeded the budget by \$37,205. The largest portion of the excess came from miscellaneous revenue (refund of prior year expenses \$43,942) of \$32,710.



|                           | Budgeted            | Actual              | Variance         |
|---------------------------|---------------------|---------------------|------------------|
| State aid                 | \$ 2,317,224        | \$ 2,285,812        | \$ (31,412)      |
| Federal sources           | -                   | 17,709              | 17,709           |
| Property taxes            | 5,158,619           | 5,162,788           | 4,169            |
| Charges for services      | 2,900               | 18,373              | 15,473           |
| Use of money and property | 9,000               | 7,556               | (1,444)          |
| Miscellaneous             | 67,600              | 100,310             | 32,710           |
|                           | <u>\$ 7,555,343</u> | <u>\$ 7,592,548</u> | <u>\$ 37,205</u> |

General fund actual expenditures were less than budgeted by \$1,040,640.



|                      | Budgeted            | Actual              | Variance              |
|----------------------|---------------------|---------------------|-----------------------|
| General Support      | \$ 1,079,051        | \$ 998,817          | \$ (80,234)           |
| Instruction          | 4,069,257           | 3,482,409           | (586,848)             |
| Pupil Transportation | 288,638             | 242,389             | (46,249)              |
| Employee Benefits    | 2,259,334           | 1,932,029           | (327,305)             |
| Debt Service         | 779,965             | 779,963             | (2)                   |
| Operating Transfers  | 35,954              | 35,952              | (2)                   |
|                      | <u>\$ 8,512,199</u> | <u>\$ 7,471,559</u> | <u>\$ (1,040,640)</u> |



**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

The District's capital assets as of June 30, 2017, are as follows:

|                                     | <u>2017</u>                | <u>2016</u>                |
|-------------------------------------|----------------------------|----------------------------|
| Non-Depreciable Assets:             |                            |                            |
| Land                                | \$ 236,016                 | \$ 236,016                 |
| Depreciable Assets:                 |                            |                            |
| Building and Improvements           | 8,126,566                  | 8,387,645                  |
| Furniture, Machinery, and Equipment | <u>379,704</u>             | <u>329,472</u>             |
| <b>TOTAL</b>                        | <b><u>\$ 8,742,286</u></b> | <b><u>\$ 8,953,133</u></b> |

*Debt*

The District's total outstanding debt, as of June 30, 2017, was \$6,915,000 with \$450,000 due within one year.

**OUTSTANDING DEBT**

|              | <u>Beginning</u> | <u>Ending</u> |
|--------------|------------------|---------------|
| Serial bonds | \$ 7,340,000     | \$ 6,915,000  |

According to Local Finance Law, Section 104.00, a school district may issue debt up to ten percent (10%) of its full valuation of real property subject to taxation. The legal debt limit is \$44,204,360, which is significantly greater than the outstanding debt.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The district is currently preparing and awaiting approval from State Education Department to build a new shared-service transportation facility (bus garage) with the Town of Willsboro. The district has established a capital reserve fund for future construction. The current building is extremely old, a new facility has been discussed and is needed to adequately house and serve the bus fleet.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Willsboro Central School District, 29 School Lane, Willsboro, New York 12996.

## WILLSBORO CENTRAL SCHOOL DISTRICT

## EXHIBIT 1

STATEMENTS OF NET POSITION  
JUNE 30, 2017 and 2016

| <b>ASSETS</b>  | <b>2017</b>          | <b>2016</b>          |
|--|----------------------|----------------------|
| Cash:  |                      |                      |
| Unrestricted   | \$ 2,641,296         | \$ 2,519,629         |
| Restricted   | 1,449,222            | 1,472,043            |
| Receivables:   |                      |                      |
| Accounts receivable  | 12                   | -                    |
| State and federal aid                                      | 110,115              | 110,845              |
| Due from other governments                                 | 64,597               | 58,295               |
| Due from fiduciary funds                                   | 6                    | 5                    |
| Inventories  | 5,233                | 3,429                |
| Deposit, electric reserve                                  | 5,456                | 4,965                |
| Capital assets, net of accumulated depreciation            | 8,742,286            | 8,953,133            |
| Net pension asset-proportionate share                      | -                    | 1,753,281            |
| <b>Total Assets</b>  | <b>13,018,223</b>    | <b>14,875,625</b>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                       |                      |                      |
| Unamortized defeasance loss                                | 138,947              | 150,526              |
| Pensions   | 1,897,205            | 669,648              |
| <b>Total Deferred Outflow of Resources</b>                 | <b>2,036,152</b>     | <b>820,174</b>       |
| <b>Total Assets and Deferred Outflow of Resources</b>      | <b>\$ 15,054,375</b> | <b>\$ 15,695,799</b> |
| <b>LIABILITIES</b>   |                      |                      |
| Payables:  |                      |                      |
| Accounts payable   | \$ 22,933            | \$ 11,935            |
| Bond Anticipation notes                                    | 195,549              | 105,136              |
| Due to other governments                                   | 144                  | 151                  |
| Long-term liabilities                                      |                      |                      |
| Due and payable within one year:                           |                      |                      |
| Bonds payable - current                                    | 450,000              | 425,000              |
| Due to teacher's retirement system                         | 320,811              | 350,428              |
| Due to employee's retirement system                        | 24,441               | 23,011               |
| Unearned revenue   | 442                  | -                    |
| Due and payable after one year                             |                      |                      |
| Bonds payable - non-current                                | 6,465,000            | 6,915,000            |
| Compensated absences payable                               | 220,169              | 182,795              |
| Other post employment benefits                             | 9,681,341            | 8,422,165            |
| Net pension liability- proportionate share                 | 349,093              | 328,715              |
| <b>Total Liabilities</b>                                   | <b>17,729,923</b>    | <b>16,764,336</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |                      |                      |
| Pensions   | 98,002               | 649,787              |
| <b>NET POSITION</b>  |                      |                      |
| Net investment in capital assets                           | 1,770,785            | 1,658,523            |
| Restricted for:  |                      |                      |
| Capital reserve  | 476,884              | 476,169              |
| Tax certiorari   | 28,695               | 28,647               |
| Unemployment Insurance                                     | 18,658               | 23,346               |
| Employee benefits & accrued liabilities                    | 586,470              | 605,911              |
| Retirement reserve   | 123,858              | 123,735              |
| Retirement of long term debt                               | 214,506              | 214,185              |
| Unrestricted   | (5,993,406)          | (4,848,840)          |
| <b>Total Net Position</b>                                  | <b>(2,773,550)</b>   | <b>(1,718,324)</b>   |
| <b>Total Liabilities, Deferred Inflow and Net Position</b> | <b>\$ 15,054,375</b> | <b>\$ 15,695,799</b> |

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES  
Years Ended June 30, 2017 and 2016

| FUNCTIONS/<br>PROGRAMS                        | PROGRAM REVENUES      |                         |                     | 2017   | 2016   |
|---|-----------------------|-------------------------|---------------------|--|--|
|   | EXPENSES              | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN<br>NET POSITION | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN<br>NET POSITION |
| General support                               | \$ (1,050,633)        | \$ -                    | \$ -                | \$ (1,050,633)   | \$ (984,344)   |
| Instruction                                   | (3,958,835)           | -                       | 202,405             | (3,756,430)  | (3,632,535)  |
| Pupil transportation                          | (299,730)             | -                       | -                   | (299,730)  | (313,770)  |
| Employee benefits                             | (3,285,008)           | -                       | -                   | (3,285,008)  | (2,785,867)  |
| Debt service                                  | (340,542)             | -                       | -                   | (340,542)  | (357,022)  |
| School Lunch Program                          | (44,871)              | 41,999                  | 87,011              | 84,139   | 86,354   |
| Capital Outlay                                | -                     | -                       | -                   | -  | -  |
| <b>Total Functions<br/>and Programs</b>       | <u>\$ (8,979,619)</u> | <u>\$ 41,999</u>        | <u>\$ 289,416</u>   | <u>(8,648,204)</u>   | <u>(7,987,184)</u>   |
| <b>GENERAL REVENUES</b>                       |                       |                         |                     |  |  |
| Real property taxes                           |                       |                         |                     | 5,162,788  | 5,159,883  |
| Charges for Services                          |                       |                         |                     | 18,373   | 4,311  |
| Use of money and property                     |                       |                         |                     | 7,882  | 9,250  |
| Miscellaneous                                 |                       |                         |                     | 100,414  | 106,086  |
| State sources                                 |                       |                         |                     | 2,285,812  | 2,281,824  |
| Federal sources                               |                       |                         |                     | 17,709   | 15,314   |
| <b>Total General Revenues</b>                 |                       |                         |                     | <u>7,592,978</u>   | <u>7,576,668</u>   |
| <b>Change in Net Position</b>                 |                       |                         |                     | (1,055,226)  | (410,516)  |
| <b>Total Net Position - Beginning of Year</b> |                       |                         |                     | <u>(1,718,324)</u>   | <u>(1,307,808)</u>   |
| <b>Total Net Position - End of Year</b>       |                       |                         |                     | <u>\$ (2,773,550)</u>                                      | <u>\$ (1,718,324)</u>                                      |

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET-GOVERNMENTAL FUNDS  
June 30, 2017 and 2016

|   | General Fund        | Special Revenue  | Debt Service      | Capital Projects | 2017 TOTAL          | 2016 TOTAL          |
|---|---------------------|------------------|-------------------|------------------|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                  |                   |                  |                     |                     |
| Unrestricted cash   | \$ 2,634,071        | \$ 7,225         | \$ -              | \$ -             | \$ 2,641,296        | \$ 2,519,629        |
| Restricted cash   | 1,234,565           | -                | 214,506           | 151              | 1,449,222           | 1,472,043           |
| Accounts receivable   | -                   | 12               | -                 | -                | 12                  | -                   |
| Due from other funds  | 56,775              | -                | -                 | -                | 56,775              | 47,079              |
| State and federal aid receivable  | 59,782              | 50,333           | -                 | -                | 110,115             | 110,845             |
| Due from other governments  | 64,597              | -                | -                 | -                | 64,597              | 58,295              |
| Inventories   | -                   | 5,233            | -                 | -                | 5,233               | 3,429               |
| Deposit, electric reserve   | 5,456               | -                | -                 | -                | 5,456               | 4,965               |
| <b>Total Assets</b>   | <b>\$ 4,055,246</b> | <b>\$ 62,803</b> | <b>\$ 214,506</b> | <b>\$ 151</b>    | <b>\$ 4,332,706</b> | <b>\$ 4,216,285</b> |
| <b>LIABILITIES</b>  |                     |                  |                   |                  |                     |                     |
| Accounts payable  | \$ 22,933           | \$ -             | \$ -              | \$ -             | \$ 22,933           | \$ 11,935           |
| Bond anticipation notes payable   | -                   | -                | -                 | 195,549          | 195,549             | 105,136             |
| Due to other governments  | -                   | 144              | -                 | -                | 144                 | 151                 |
| Due to other funds  | -                   | 56,719           | -                 | 50               | 56,769              | 47,074              |
| Due to teachers' retirement system  | 320,811             | -                | -                 | -                | 320,811             | 350,428             |
| Due to employees' retirement system                                       | 24,441              | -                | -                 | -                | 24,441              | 23,011              |
| Unearned revenue  | -                   | 442              | -                 | -                | 442                 | -                   |
| <b>Total Liabilities</b>  | <b>368,185</b>      | <b>57,305</b>    | <b>-</b>          | <b>195,599</b>   | <b>621,089</b>      | <b>537,735</b>      |
| <b>FUND BALANCES</b>  |                     |                  |                   |                  |                     |                     |
| Nonspendable:   |                     |                  |                   |                  |                     |                     |
| Inventory   | -                   | 5,233            | -                 | -                | 5,233               | 3,429               |
| Restricted:   |                     |                  |                   |                  |                     |                     |
| Capital reserve   | 476,884             | -                | -                 | -                | 476,884             | 476,169             |
| Tax certiorari  | 28,695              | -                | -                 | -                | 28,695              | 28,647              |
| Unemployment Insurance  | 18,658              | -                | -                 | -                | 18,658              | 23,346              |
| Employee benefits & accrued liabilities                                   | 586,470             | -                | -                 | -                | 586,470             | 605,911             |
| Retirement reserve  | 123,858             | -                | -                 | -                | 123,858             | 123,735             |
| Retirement of long term debt  | -                   | -                | 214,506           | -                | 214,506             | 214,185             |
| Assigned:   |                     |                  |                   |                  |                     |                     |
| School lunch  | -                   | 265              | -                 | -                | 265                 | -                   |
| Finance   | 61                  | -                | -                 | -                | 61                  | -                   |
| Central Services  | 9,603               | -                | -                 | -                | 9,603               | 19,501              |
| Teaching  | 4,976               | -                | -                 | -                | 4,976               | 7,136               |
| Instructional Media   | 1,613               | -                | -                 | -                | 1,613               | 575                 |
| Pupil Services  | 7,685               | -                | -                 | -                | 7,685               | 4,058               |
| Pupil transportation  | 4,405               | -                | -                 | -                | 4,405               | 967                 |
| Appropriated fund balance   | 830,182             | -                | -                 | -                | 830,182             | 924,618             |
| Unassigned  | 1,593,971           | -                | -                 | (195,448)        | 1,398,523           | 1,246,273           |
| <b>Total Fund Balances</b>  | <b>3,687,061</b>    | <b>5,498</b>     | <b>214,506</b>    | <b>(195,448)</b> | <b>3,711,617</b>    | <b>3,678,550</b>    |
| <b>Total Liabilities, Fund Balances and Deferred Inflows of Resources</b> | <b>\$ 4,055,246</b> | <b>\$ 62,803</b> | <b>\$ 214,506</b> | <b>\$ 151</b>    | <b>\$ 4,332,706</b> | <b>\$ 4,216,285</b> |

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2017 and 2016

|  | General             | Special Revenue | Debt Service      | Capital Projects    | 2017 Total          | 2016 Total          |
|--|---------------------|-----------------|-------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>  |                     |                 |                   |                     |                     |                     |
| Real property taxes  | \$ 5,162,788        | \$ -            | \$ -              | \$ -                | \$ 5,162,788        | \$ 5,159,883        |
| Charges for services   | 18,373              | -               | -                 | -                   | 18,373              | 4,311               |
| Use of money and property  | 7,556               | 5               | 321               | -                   | 7,882               | 9,250               |
| Miscellaneous  | 100,310             | 104             | -                 | -                   | 100,414             | 106,086             |
| State sources  | 2,285,812           | 50,983          | -                 | -                   | 2,336,795           | 2,320,512           |
| Federal sources  | 17,709              | 238,433         | -                 | -                   | 256,142             | 263,882             |
| Sales  | -                   | 41,999          | -                 | -                   | 41,999              | 39,058              |
| <b>Total Revenues</b>  | <u>7,592,548</u>    | <u>331,524</u>  | <u>321</u>        | <u>-</u>            | <u>7,924,393</u>    | <u>7,902,982</u>    |
| <b>EXPENDITURES</b>  |                     |                 |                   |                     |                     |                     |
| General support  | 998,817             | 57,493          | -                 | -                   | 1,056,310           | 984,478             |
| Instruction  | 3,482,409           | 200,931         | -                 | -                   | 3,683,340           | 3,550,224           |
| Pupil transportation   | 242,389             | -               | -                 | -                   | 242,389             | 255,708             |
| Employee benefits  | 1,932,029           | 62,112          | -                 | -                   | 1,994,141           | 2,026,775           |
| Debt service   | 779,963             | -               | -                 | -                   | 779,963             | 780,820             |
| Cost of sales  | -                   | 44,871          | -                 | -                   | 44,871              | 43,519              |
| Capital outlay   | -                   | -               | -                 | 116,312             | 116,312             | -                   |
| <b>Total Expenditures</b>  | <u>7,435,607</u>    | <u>365,407</u>  | <u>-</u>          | <u>116,312</u>      | <u>7,917,326</u>    | <u>7,641,524</u>    |
| <b>Excess (Deficit) of Revenues over Expenditures</b>                                  | <u>156,941</u>      | <u>(33,883)</u> | <u>321</u>        | <u>(116,312)</u>    | <u>7,067</u>        | <u>261,458</u>      |
| <b>OTHER SOURCES AND USES</b>  |                     |                 |                   |                     |                     |                     |
| BAN's redeemed from appropriations   | -                   | -               | -                 | 26,000              | 26,000              | 25,377              |
| Operating transfers in   | -                   | 35,952          | -                 | -                   | 35,952              | 25,116              |
| Operating transfers (out)  | (35,952)            | -               | -                 | -                   | (35,952)            | (25,116)            |
| <b>Total Other Sources and Uses</b>  | <u>(35,952)</u>     | <u>35,952</u>   | <u>-</u>          | <u>26,000</u>       | <u>26,000</u>       | <u>25,377.00</u>    |
| <b>Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses</b> | <u>120,989</u>      | <u>2,069</u>    | <u>321</u>        | <u>(90,312)</u>     | <u>33,067</u>       | <u>286,835</u>      |
| <b>Fund Balances, Beginning of Year</b>  | <u>3,566,072</u>    | <u>3,429</u>    | <u>214,185</u>    | <u>(105,136)</u>    | <u>3,678,550</u>    | <u>3,391,715</u>    |
| <b>Fund Balances, End of Year</b>  | <u>\$ 3,687,061</u> | <u>\$ 5,498</u> | <u>\$ 214,506</u> | <u>\$ (195,448)</u> | <u>\$ 3,711,617</u> | <u>\$ 3,678,550</u> |

See Notes to the Financial Statements.

## WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2017 and 2016

|   | Private<br>Purpose Trust | Agency           | <u>2017</u><br>Total | <u>2016</u><br>Total |
|---|--------------------------|------------------|----------------------|----------------------|
| <b>ASSETS</b>                             |                          |                  |                      |                      |
| Cash                                      | \$ 44,581                | \$ 68,023        | \$ 112,604           | \$ 113,205           |
| <b>Total Assets</b>                       | <u>\$ 44,581</u>         | <u>\$ 68,023</u> | <u>\$ 112,604</u>    | <u>\$ 113,205</u>    |
| <b>LIABILITIES</b>                        |                          |                  |                      |                      |
| Extra classroom activity balance          | \$ -                     | \$ 51,352        | \$ 51,352            | \$ 48,632            |
| Due to other funds                        | -                        | 6                | 6                    | 5                    |
| Other liabilities                         | -                        | 16,665           | 16,665               | 18,123               |
| <b>Total Liabilities</b>                  | <u>-</u>                 | <u>68,023</u>    | <u>68,023</u>        | <u>66,760</u>        |
| <b>NET POSITION</b>                       |                          |                  |                      |                      |
| Reserved for scholarships                 | 44,581                   | -                | 44,581               | 46,445               |
| <b>Total Liabilities and Net Position</b> | <u>\$ 44,581</u>         | <u>\$ 68,023</u> | <u>\$ 112,604</u>    | <u>\$ 113,205</u>    |

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 6

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Years Ended June 30, 2017 and 2016

|  | <u>2017</u>                      | <u>2016</u>                      |
|--|----------------------------------|----------------------------------|
|  | <u>Private<br/>Purpose Trust</u> | <u>Private<br/>Purpose Trust</u> |
| <b>ADDITIONS</b>                       |                                  |                                  |
| Gifts and contributions                | \$ 2,620                         | \$ 3,142                         |
| Investment earnings                    | 116                              | 122                              |
| <b>Total Additions</b>                 | <u>2,736</u>                     | <u>3,264</u>                     |
| <b>Deductions</b>                      |                                  |                                  |
| Scholarships and awards                | <u>4,600</u>                     | <u>4,601</u>                     |
| <b>Total Deductions</b>                | <u>4,600</u>                     | <u>4,601</u>                     |
| <b>Changes in Net Position</b>         | <b>(1,864)</b>                   | <b>(1,337)</b>                   |
| <b>Net Position, Beginning of Year</b> | <u>46,445</u>                    | <u>47,782</u>                    |
| <b>Net Position, End of Year</b>       | <u><u>\$ 44,581</u></u>          | <u><u>\$ 46,445</u></u>          |

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2017

|  | TOTAL<br>GOVERNMENT<br>FUNDS | LONG-TERM<br>ASSETS,<br>LIABILITIES | RECLASSIFICATION<br>AND<br>ELIMINATIONS | STATEMENT OF<br>NET POSITION<br>TOTALS |
|--|------------------------------|-------------------------------------|---|--|
| <b>ASSETS</b>  |                              |                                     |   |  |
| Unrestricted cash  | \$ 2,641,296                 | \$ -                                | \$ -                                    | \$ 2,641,296                           |
| Restricted cash  | 1,449,222                    | -                                   | -                                       | 1,449,222                              |
| Accounts receivable  | 12                           | -                                   | -                                       | 12                                     |
| Due from other funds   | 56,775                       | -                                   | (56,769)                                | 6                                      |
| State and federal aid receivable   | 110,115                      | -                                   | -                                       | 110,115                                |
| Due from other governments   | 64,597                       | -                                   | -                                       | 64,597                                 |
| Inventories  | 5,233                        | -                                   | -                                       | 5,233                                  |
| Deposit, electric reserve  | 5,456                        | -                                   | -                                       | 5,456                                  |
| Fixed assets   | -                            | 8,742,286                           | -                                       | 8,742,286                              |
| <b>Total Assets</b>  | <u>4,332,706</u>             | <u>8,742,286</u>                    | <u>(56,769)</u>                         | <u>13,018,223</u>                      |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>   |                              |                                     |   |  |
| Unamortized defeasance loss  | -                            | 138,947                             | -                                       | 138,947                                |
| Pensions   | -                            | 1,897,205                           | -                                       | 1,897,205                              |
| <b>Total Assets and Deferred Outflow of</b>                                  | <u>\$ 4,332,706</u>          | <u>\$ 10,778,438</u>                | <u>\$ (56,769)</u>                      | <u>\$ 15,054,375</u>                   |
| <b>LIABILITIES</b>   |                              |                                     |   |  |
| Accounts payable   | \$ 22,933                    | \$ -                                | \$ -                                    | \$ 22,933                              |
| Bond anticipation notes payable  | 195,549                      | -                                   | -                                       | 195,549                                |
| Due to other funds   | 56,769                       | -                                   | (56,769)                                | -                                      |
| Due to other governments   | 144                          | -                                   | -                                       | 144                                    |
| Due to teacher's retirement system   | 320,811                      | -                                   | -                                       | 320,811                                |
| Due to employee's retirement system  | 24,441                       | -                                   | -                                       | 24,441                                 |
| Unearned revenue   | 442                          | -                                   | -                                       | 442                                    |
| Bonds payable  | -                            | 6,915,000                           | -                                       | 6,915,000                              |
| Compensated absences   | -                            | 220,169                             | -                                       | 220,169                                |
| Other post employment benefits   | -                            | 9,681,341                           | -                                       | 9,681,341                              |
| Net pension liability- proportionate share                                   | -                            | 349,093                             | -                                       | 349,093                                |
| <b>Total Liabilities</b>   | <u>621,089</u>               | <u>17,165,603</u>                   | <u>(56,769)</u>                         | <u>17,729,923</u>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                              |                                     |   |  |
| Pensions   | -                            | 98,002                              | -                                       | 98,002                                 |
| <b>Total deferred Inflow of Resources</b>                                    | <u>-</u>                     | <u>98,002</u>                       | <u>-</u>                                | <u>98,002</u>                          |
| <b>FUND BALANCE/NET POSITION</b>   |                              |                                     |   |  |
| <b>Total Fund Balance/Net Position</b>                                       | <u>3,711,617</u>             | <u>(6,485,167)</u>                  | <u>-</u>                                | <u>(2,773,550)</u>                     |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources and Fund Balance</b> | <u>\$ 4,332,706</u>          | <u>\$ 10,778,438</u>                | <u>\$ (56,769)</u>                      | <u>\$ 15,054,375</u>                   |

See Notes to the Financial Statements.



## WILLSBORO CENTRAL SCHOOL DISTRICT

## EXHIBIT 8

**RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017**

|   | TOTAL<br>GOVERNMENT<br>FUNDS | LONG-TERM<br>REVENUE<br>EXPENSES | CAPITAL<br>RELATED<br>ITEMS | LONG-TERM<br>DEBT<br>TRANSACTION | RECLASSIFICATION<br>AND<br>ELIMINATIONS | STATEMENT OF<br>ACTIVITIES<br>TOTALS |
|---|------------------------------|----------------------------------|-----------------------------|----------------------------------|---|--------------------------------------|
| <b>REVENUES</b>   |                              |                                  |                             |                                  |   |                                      |
| Real property taxes                                       | \$ 5,162,788                 | \$ -                             | \$ -                        | \$ -                             | \$ -                                    | \$ 5,162,788                         |
| Charges for services                                      | 18,373                       | -                                | -                           | -                                | -                                       | 18,373                               |
| Use of money and property                                 | 7,882                        | -                                | -                           | -                                | -                                       | 7,882                                |
| Miscellaneous   | 100,414                      | -                                | -                           | -                                | -                                       | 100,414                              |
| State sources   | 2,336,795                    | -                                | -                           | -                                | -                                       | 2,336,795                            |
| Federal sources   | 256,142                      | -                                | -                           | -                                | -                                       | 256,142                              |
| Sales   | 41,999                       | -                                | -                           | -                                | -                                       | 41,999                               |
| <b>Total Revenues</b>                                     | <u>7,924,393</u>             | <u>-</u>                         | <u>-</u>                    | <u>-</u>                         | <u>-</u>                                | <u>7,924,393</u>                     |
| <b>EXPENDITURES</b>                                       |                              |                                  |                             |                                  |   |                                      |
| General support   | 1,056,310                    | -                                | (5,677)                     | -                                | -                                       | 1,050,633                            |
| Instruction   | 3,683,340                    | -                                | 275,495                     | -                                | -                                       | 3,958,835                            |
| Pupil transportation                                      | 242,389                      | -                                | 57,341                      | -                                | -                                       | 299,730                              |
| Employee benefits   | 1,994,141                    | 1,290,867                        | -                           | -                                | -                                       | 3,285,008                            |
| Debt service  | 779,963                      | -                                | -                           | (413,421)                        | (26,000)                                | 340,542                              |
| Cost of sales   | 44,871                       | -                                | -                           | -                                | -                                       | 44,871                               |
| Capital outlay  | 116,312                      | -                                | (116,312)                   | -                                | -                                       | -                                    |
| <b>Total Expenditures</b>                                 | <u>7,917,326</u>             | <u>1,290,867</u>                 | <u>210,847</u>              | <u>(413,421)</u>                 | <u>(26,000)</u>                         | <u>8,979,619</u>                     |
| <b>Excess (Deficit) of Revenues<br/>over Expenditures</b> | <u>7,067</u>                 | <u>(1,290,867)</u>               | <u>(210,847)</u>            | <u>413,421</u>                   | <u>26,000</u>                           | <u>(1,055,226)</u>                   |
| <b>OTHER SOURCES AND USES</b>                             |                              |                                  |                             |                                  |   |                                      |
| BAN's redeemed from appropriations                        | 26,000                       | -                                | -                           | -                                | (26,000)                                | -                                    |
| Operating transfers in                                    | 35,952                       | -                                | -                           | -                                | (35,952)                                | -                                    |
| Operating transfers out                                   | (35,952)                     | -                                | -                           | -                                | 35,952                                  | -                                    |
| <b>Total Other Sources and Uses</b>                       | <u>26,000</u>                | <u>-</u>                         | <u>-</u>                    | <u>-</u>                         | <u>(26,000)</u>                         | <u>-</u>                             |
| <b>Net Change for the Year</b>                            | <u>\$ 33,067</u>             | <u>\$ (1,290,867)</u>            | <u>\$ (210,847)</u>         | <u>\$ 413,421</u>                | <u>\$ -</u>                             | <u>\$ (1,055,226)</u>                |

See Notes to the Financial Statements.

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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#### Note 1. Summary of Significant Accounting Policies

##### A. Reporting entity

The Willsboro Central School District (the "District") is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Willsboro Central School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Willsboro Central School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

##### Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Willsboro Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the District.

##### B. Basis of presentation

###### 1. District-Wide Statements

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

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

2. Fund Functional 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. Non-major funds are aggregated and presented in a single column. The District elects to report all governmental funds as major funds.

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

- School Lunch Fund - used to account for transactions for the School lunch and milk programs.
- Special Aid Fund - used to account for special operating projects or programs supported in whole, or in part, with federal funds or state grants.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for the acquisition, or construction or renovation of major capital facilities, or equipment.

Debt Service Fund – the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Fiduciary Fund - the fiduciary funds consist of private purpose trust and agency funds and are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Private purpose trust funds include scholarship funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Assets are held by the District as agent for various student groups or extra classroom activity funds and for payroll or employees withholding. 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.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

C. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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 a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepays and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when billed by the state.
- e. The School recognizes the cost of providing post retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as expenditures in the year paid.

D. Inventories

Inventories of food and supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

E. Capital assets

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

|                   | Capitalization<br>Threshold | Depreciation<br>Method | Estimated<br>Useful Life |
|-------------------|-----------------------------|------------------------|--------------------------|
| Buildings         | \$500                       | Straight Line          | 15-50 Years              |
| Land Improvements | \$500                       | Straight Line          | 15-30 Years              |
| Equipment         | \$500                       | Straight Line          | 5-25 Years               |
| Licensed vehicles | \$500                       | Straight Line          | 8-10 Years               |

F. Deferred revenue - planned balance

Statute provides the authority for the School District to levy taxes to be utilized to finance expenditures within the first 60 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.

G. Retirement plan

The District provides retirement benefits for all of its regular full-time and some of its part time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.

H. General long-term debt

Bonds, capital notes and bond anticipation notes issued for capital projects are recognized when issued.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

I. Budgetary Procedures and Budgetary Accounting

1) General

The District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the District. Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred. The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types. Budget appropriations lapse at year-end.

2) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

J. Equity Classifications:

District- wide statements:

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

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

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

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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.

Fund statements:

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

**Non-spendable** fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$5,233.

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

Employee Benefits Accrued Liability

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for 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

According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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**Note 1. Summary of Significant Accounting Policies (continued)**

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to 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 she School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3561 of the Education Law. This reserve is accounted for in the General Fund.

Encumbrances

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

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

**Assigned** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$28,343.



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**Unassigned** – Includes all other General Fund net position 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.

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 School 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.

**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, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

- K. Reclassifications: Certain amounts in the 2016 financial statements may have been reclassified to conform to the 2017 presentation.
  
- L. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2017 and September 12, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statement.
  
- M. Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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**Note 1. Summary of Significant Accounting Policies (continued)**

- N. Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three 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 system not included in pension expense. Lastly is the District's contributions to the pension systems (TRS and ERS Systems ) subsequent to the measurement date.

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

- O. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2017:

GASB has issued Statement No. 77, *Tax Abatement Disclosures*

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

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

A. Total fund balances of governmental funds vs. net position of governmental activities:

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

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Explanation of Differences Between Governmental Fund Balances and District Wide Net Assets

|   |                       |
|---|-----------------------|
| Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit 4) | \$ 3,711,617          |
| Capital assets net of related depreciation  | 8,742,286             |
| Deferred outflows:  |                       |
| Deferred interest from bond refunding, net  | 138,947               |
| Pensions - TRS  | 1,744,332             |
| Pensions - ERS  | 152,873               |
| Liabilities:  |                       |
| Long-term:  |                       |
| Bonds payable   | (6,915,000)           |
| Other post employment benefits  | (9,681,341)           |
| Compensated absences  | (220,169)             |
| Net pension liability   | (349,093)             |
| Deferred inflows:   |                       |
| Pensions - TRS  | (61,074)              |
| Pensions - ERS  | <u>(36,928)</u>       |
| Ending net position reported on Statement of Activities for governmental activities (Exhibit 2)                                 | <u>\$ (2,773,550)</u> |

WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

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

4. Other Post-Employment Benefits

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 45 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

5. Pension differences

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

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

Revenues:

|  |    |              |
|--|----|--------------|
| Total revenues and other funding sources of governmental funds (Exhibit 4)           | \$ | 7,924,393    |
| No current year changes  |    | -            |
| Total revenues of governmental activities in the Statement of Activities (Exhibit 2) |    | \$ 7,924,393 |

Expenditures:

|   |    |           |
|---|----|-----------|
| Total expenditures reported in governmental funds (Exhibit 4) | \$ | 7,917,326 |
|---|----|-----------|

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

37,374

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current year. (Exhibit 8)

210,847

Repayment of bond principal and principal of other long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not effect the Statement of Activities, (Exhibit 8)

(425,000)

WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

|   |                     |
|---|---------------------|
| Repayment of bond anticipation notes is an expenditure in the General fund and other sources of income in the Capital Project's Fund. A reclassifying entry reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)   | (26,000)            |
| The payment of Other Post-Employment Benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the Annual OPEB Cost exceeded the premiums paid.  | 1,259,176           |
| During the year ended June 30, 2011 the District refunded some of its existing debt. The difference between the amount of the new bond proceeds of \$9,715,000 and the outstanding bonds retired of \$9,495,000 is \$220,000 and will be amortized as an adjustment of interest expense in the statement of activities over the average remaining life of the refunded debt (18 years), beginning in the fiscal year ended 6/30/11. Current year amortization amounted to | 11,579              |
| (Increases) decreases 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 governmental funds.  |                     |
| Teachers' Retirement System   | (16,206)            |
| Employees' Retirement System  | 10,523              |
| Total expenses of governmental activities in the Statement of Activities (Exhibit 2)  | <u>\$ 8,979,619</u> |
| <u>Other Sources and Uses</u>   |                     |
| Total other sources and uses in governmental funds (Exhibit 4)  | \$ 26,000           |
| Repayment of bond anticipation notes is an expenditure in the General fund and other sources of income in the Capital Project's Fund. A reclassifying entry reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)   | (26,000)            |
| Total other sources and uses in the Statement of Activities (Exhibit 2)   | <u>\$ -</u>         |

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 3. Cash and Investments**

According to the New York State Education Law, the Board may invest the District's money in special time-deposit accounts or certificates of deposit; however, such time-deposit accounts or certificates of deposit must be made in the name of the district and payable in time for the proceeds to be available to meet expenditures for which the money was obtained. Furthermore, the time-deposit account or certificates of deposit must be secured "by a pledge of obligations of the United States of America or obligations of the State of New York or obligations of any municipal corporation, district or district corporation of the State of New York".

Investments also may be made in obligations of the United States of America or in obligations of New York State or, with the approval of the state comptroller, in certain obligations of municipalities, school districts or district corporations other than the one investing the money.

The district may make a variety of short-term investments that include the purchase of United States Treasury bills, United States Treasury certificates of indebtedness or United States Treasury notes and bonds. In addition, it may invest in negotiable certificates of deposit.

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by financial institutions in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash was \$1,449,222 at June 30, 2017.

**Note 4. Interfund Balances and Activity**

Interfund balances and activity at June 30, 2017 and for the fiscal year then ended, were as follows:

| Fund Type      | Interfund<br>Receivable | Interfund<br>Payable | Interfund<br>Revenues | Interfund<br>Expenditures |
|----------------|-------------------------|----------------------|-----------------------|---------------------------|
| General        | \$ 56,775               | \$ -                 | \$ -                  | \$ 35,952                 |
| School Lunch   | -                       | 6,519                | 29,998                | -                         |
| Special Aid    | -                       | 50,200               | 5,954                 | -                         |
| Capital Fund   | -                       | 50                   | -                     | -                         |
| Trust & Agency | -                       | 6                    | -                     | -                         |
| Total          | <u>\$ 56,775</u>        | <u>\$ 56,775</u>     | <u>\$ 35,952</u>      | <u>\$ 35,952</u>          |

Interfund receivables and payables, other than between governmental activities and fiduciary funds, 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.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 4. Interfund Balances and Activity (continued)**

The District typically transfers funds to the School Lunch Fund to supplement its operations.

The District typically transfers funds from the General Fund to the Special Aid fund for its share of special aid programs.

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

**Note 5. Capital Assets**

A summary of changes in capital assets follows:

Capital Assets

|   | 6/30/2016<br>Balance | Additions           | Retirements/<br>Reclassifications | 6/30/2017<br>Balance |
|---|----------------------|---------------------|-----------------------------------|----------------------|
| Capital assets that<br>are not depreciated: |                      |                     |                                   |                      |
| Land  | \$ 236,016           | \$ -                | \$ -                              | \$ 236,016           |
| Total non-depreciable historical cost       | <u>\$ 236,016</u>    | <u>\$ -</u>         | <u>\$ -</u>                       | <u>\$ 236,016</u>    |
| Capital assets that<br>are depreciated:     |                      |                     |                                   |                      |
| Buildings                                   | \$ 12,383,365        | \$ -                | \$ -                              | \$ 12,383,365        |
| Furniture and equipment                     | 1,611,947            | 130,464             | (8,047)                           | 1,734,364            |
| Total depreciable historical cost           | <u>13,995,312</u>    | <u>130,464</u>      | <u>(8,047)</u>                    | <u>14,117,729</u>    |
| Less accumulated depreciation:              |                      |                     |                                   |                      |
| Buildings                                   | 3,995,720            | 261,079             | -                                 | 4,256,799            |
| Furniture and equipment                     | 1,282,475            | 80,232              | (8,047)                           | 1,354,660            |
| Total accumulated depreciation              | <u>5,278,195</u>     | <u>341,311</u>      | <u>(8,047)</u>                    | <u>5,611,459</u>     |
| Total depreciable historical cost, net      | <u>\$ 8,717,117</u>  | <u>\$ (210,847)</u> | <u>\$ -</u>                       | <u>\$ 8,506,270</u>  |
| Total Net Assets                            | <u>\$ 8,953,133</u>  | <u>\$ (210,847)</u> | <u>\$ -</u>                       | <u>\$ 8,742,286</u>  |

Depreciation was charged to governmental functions as follows:

|                      | <u>6/30/2017</u>  |
|----------------------|-------------------|
| General Support      | \$ 1,736          |
| Instructions         | 282,234           |
| Pupil Transportation | 57,341            |
|                      | <u>\$ 341,311</u> |



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 6. Compensated Absences**

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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

**Note 7. Indebtedness**

Short-Term Debt:

| Description of Issue   | Issue Date | Maturity | Interest Rate | Outstanding 6/30/2017 |
|------------------------|------------|----------|---------------|-----------------------|
| Bond Anticipation Note | 8/2/2016   | 8/2/2017 | 1.99%         | \$ 79,136             |
| Bond Anticipation Note | 11/1/2016  | 8/2/2017 | 1.76%         | 116,413               |
|                        |            |          |               | <u>\$ 195,549</u>     |

Interest expense paid on short-term debt for the year ended June 30, 2017 is \$1,188.

Long-Term Debt:

a. Long-Term Debt Interest

Interest expense paid was \$327,775 for the year ended June 30, 2017. Amortization of deferred interest from bond refunding was \$11,579 resulting in net interest expense of \$339,354.

b. Changes

The changes in the District's long-term indebtedness during the year ended June 30, 2017 are summarized as follows:

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 7. Indebtedness (continued)**

|                                | Balance<br>6/30/2016 | Additions        | Deletions      | Balance<br>6/30/2017 |
|--------------------------------|----------------------|------------------|----------------|----------------------|
| <b>Bonds:</b>                  |                      |                  |                |                      |
| Serial Bonds 2011              | \$ 7,340,000         | \$ -             | \$ 425,000     | \$ 6,915,000         |
|                                | <u>7,340,000</u>     | <u>-</u>         | <u>425,000</u> | <u>6,915,000</u>     |
| <b>Other Liabilities:</b>      |                      |                  |                |                      |
| Compensated Absences           | 182,795              | 37,374           | -              | 220,169              |
| Other post employment benefits | 8,422,165            | 1,259,176        | -              | 9,681,341            |
|                                | <u>8,604,960</u>     | <u>1,296,550</u> | <u>-</u>       | <u>9,901,510</u>     |
| <br>Grand Total Long-term Debt | <br>\$ 15,944,960    | <br>\$ 1,296,550 | <br>\$ 425,000 | <br>\$ 16,816,510    |

c. Maturity

The following is a summary of maturity of indebtedness:

| Description of Issue | Issue Date | Final Maturity | Interest Rate | Outstanding 6/30/2017 |
|----------------------|------------|----------------|---------------|-----------------------|
| Serial Bond 2011     | 4/19/2011  | 6/15/2029      | 4.0% - 5.0%   | \$ 6,915,000          |

The following is a summary of maturing debt service requirements:

| Fiscal Year Ending June 30: | Principal           | Interest            | Total               |
|-----------------------------|---------------------|---------------------|---------------------|
| 2018                        | \$ 450,000          | \$ 310,775          | \$ 760,775          |
| 2019                        | 465,000             | 288,275             | 753,275             |
| 2020                        | 490,000             | 265,025             | 755,025             |
| 2021                        | 515,000             | 240,525             | 755,525             |
| 2022                        | 540,000             | 214,775             | 754,775             |
| 2023-2027                   | 3,045,000           | 724,675             | 3,769,675           |
| 2028-2032                   | 1,410,000           | 95,850              | 1,505,850           |
|                             | <u>\$ 6,915,000</u> | <u>\$ 2,139,900</u> | <u>\$ 9,054,900</u> |

In prior years, the District defeased certain general obligation bonds by placing the proceeds 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.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 8. Pension Plans**

General Information

The District participates in the New York Teachers' retirement System (TRS) the New York State and Local Employees' 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.

**Teachers' Retirement System (TRS)**

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

**Employees' Retirement System (ERS)**

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 8. Pensions (continued)**

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 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

|      | ERS        | TRS        |
|------|------------|------------|
| 2017 | \$ 92,075  | \$ 350,428 |
| 2016 | \$ 112,806 | \$ 454,891 |
| 2015 | \$ 113,828 | \$ 419,649 |

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

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

At June 30, 2017 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, 2017 for ERS and June 30, 2016 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 System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

|   | ERS          | TRS          |
|---|--------------|--------------|
| Actuarial Valuation Date  | 3/31/2017    | 6/30/2016    |
| Net Pension asset/(liability)   | \$ (170,413) | \$ (178,680) |
| District's portion of the Plan's total<br>net pension asset/(liability) | -0.0018136%  | -0.016683%   |

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 8. Pensions (continued)**

For the year ended June 30, 2017, the District's recognized pension expense of \$104,028 for ERS and the actuarial value \$296,987 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources

|   | Deferred Outflows<br>of Resources |                     | Deferred Inflows<br>of Resources |                  |
|---|-----------------------------------|---------------------|----------------------------------|------------------|
|   | <u>ERS</u>                        | <u>TRS</u>          | <u>ERS</u>                       | <u>TRS</u>       |
| Differences between expected and actual experience  | \$ 4,270                          | \$ -                | \$ 25,878                        | \$ 58,045        |
| Changes of assumptions  | 58,219                            | 1,017,875           | -                                | -                |
| Net difference between projected and actual earnings on pension plan investments                                    | 34,038                            | 401,767             | -                                | -                |
| Changes in proportion and differences between the Districts' contributions and proportionate share of contributions | 31,905                            | 11,565              | 11,050                           | 3,029            |
| District's contributions subsequent to the measurement date   | 24,441                            | 313,126             | -                                | -                |
| <b>Total</b>  | <b>\$ 152,873</b>                 | <b>\$ 1,744,333</b> | <b>\$ 36,928</b>                 | <b>\$ 61,074</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 or resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended:  | <u>ERS</u>       | <u>TRS</u>          |
|--------------|------------------|---------------------|
| 2017         | \$ -             | \$ 125,709          |
| 2018         | 38,668           | 125,709             |
| 2019         | 38,668           | 437,732             |
| 2020         | 34,871           | 340,653             |
| 2021         | (20,703)         | 157,009             |
| Thereafter   | -                | 183,321             |
| <b>Total</b> | <b>\$ 91,504</b> | <b>\$ 1,370,133</b> |

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 8. Pensions (continued)**

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 to total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

|                          |  |  |
|--------------------------|--|--|
| Measurement date         | <u>ERS</u><br>3/31/2017                                    | <u>TRS</u><br>6/30/2016                                |
| Actuarial valuation date | 4/1/2016   | 6/30/2015  |
| Interest rate            | 7.0%   | 7.5%   |
| Salary scale             | 3.8%   | 1.90%-4.72%  |
| Decrement tables         | April 1, 2010-<br>March 31, 2015<br>System's<br>Experience | July 1, 2009-<br>June 30, 2014<br>System<br>Experience |
| Inflation rate           | 2.5%   | 2.5%   |

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 20, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

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

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 8. Pensions (continued)**

return for each major asset class included in the System's target asset allocation are summarized below:

| Measurement Date                 | <u>ERS</u> | <u>TRS</u> |
|----------------------------------|------------|------------|
|                                  | 3/31/2017  | 6/30/2016  |
| Asset Type:                      | %          | %          |
| Domestic equity                  | 4.55       | 6.10       |
| International equity             | 6.35       | 7.30       |
| Private equity                   | 7.75       | 9.20       |
| Real estate                      | 5.80       | 5.40       |
| Absolute return strategies       | 4.00       | -          |
| Domestic fixed income securities | -          | 1.00       |
| Global fixed income securities   | -          | 0.80       |
| Mortgages and bonds              | 1.31       | 3.10       |
| Opportunistic portfolio          | 5.89       | -          |
| Real assets                      | 5.54       | -          |
| Cash                             | (0.25)     | -          |
| Inflation-indexed bonds          | 1.50       | -          |
| Short-term                       | -          | 0.10       |

Discount Rate

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

Sensitivity of the proportionate share for the net pension liability to the discount rate assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (6% for ERS and 6.5% for TRS) or 1% higher (8% for ERS and 8.5% for TRS) than the current rate:

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 8. Pensions (continued)**

| ERS  | 1%<br>Decrease<br>6.0% | Current<br>Assumption<br>7.0% | 1%<br>Increase<br>8.0% |
|--|------------------------|-------------------------------|------------------------|
| Employer's proportionate share<br>of the net pension asset / (liability) | \$ (544,267)           | \$ (170,413)                  | \$ 145,679             |
|  | 1%<br>Decrease<br>6.5% | Current<br>Assumption<br>7.5% | 1%<br>Increase<br>8.5% |
| Employer's proportionate share<br>of the net pension asset / (liability) | \$ (2,331,286)         | \$ (178,680)                  | \$ 1,626,814           |

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:

|   | (Dollars in Thousands) |                           |                           |
|---|------------------------|---------------------------|---------------------------|
|   | ERS                    | TRS                       | Total                     |
| Valuation date                              | 3/31/2017              | 6/30/2016                 |                           |
| Employers' total pension asset/(liability)  | \$ (177,400,586)       | \$ (108,577,184,039)      | \$ (108,754,584,625)      |
| Plan Net Position                           | 168,004,363            | 107,506,142,099           | 107,674,146,462           |
| Employers' net pension asset/(liability)    | <u>\$ (9,396,223)</u>  | <u>\$ (1,071,041,940)</u> | <u>\$ (1,080,438,163)</u> |
| Ratio of plan net position to the           |                        |                           |                           |
| Employers' total pension asset/ (liability) | -94.70%                | -99.01%                   | -99.01%                   |

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, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$24,441.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$320,811.



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 9. Post-Employment Benefits**

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

Post-employment benefits aggregating \$451,932 for 59 employees were charged to expenses/expenditures in the Governmental Funds in the current year.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Post-employment Benefits Other than Pensions, in the school year ended June 30, 2010. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District has obtained an interim actuarial valuation report as of June 30, 2017 which indicates that the total liability for other post-employment benefits is \$9,681,341 which is reflected in the Statement of Net Position.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

|  | <u>6/30/2017</u>    | <u>6/30/2016</u>    | <u>6/30/2015</u>    |
|--|---------------------|---------------------|---------------------|
| Annual required contribution               | \$ 1,885,541        | \$ 1,770,829        | \$2,033,059         |
| Interest on net OPEB obligation            | 336,887             | 289,469             | 232,183             |
| Adjustment to annual required contribution | <u>(545,085)</u>    | <u>(456,379)</u>    | <u>(357,272)</u>    |
| Annual OPEB cost (expense)                 | 1,677,343           | 1,603,919           | 1,907,970           |
| Contributions made                         | <u>(418,167)</u>    | <u>(418,489)</u>    | <u>(475,821)</u>    |
| Increase in net OPEB obligation            | 1,259,176           | 1,185,430           | 1,432,149           |
| Net OPEB obligation - beginning of year    | <u>8,422,165</u>    | <u>7,236,735</u>    | <u>5,804,586</u>    |
| Net OPEB obligation - end of year          | <u>\$ 9,681,341</u> | <u>\$ 8,422,165</u> | <u>\$ 7,236,735</u> |
| <br>                                       |                     |                     |                     |
| Annual OPEB Cost                           | \$ 1,677,343        | \$ 1,603,919        | \$ 1,907,970        |
| Percentage of Annual OPEB Cost Contributed | 24.9%               | 26.1%               | 24.9%               |
| Net OPEB Obligation at end of year         | \$ 9,681,341        | \$ 8,422,165        | \$ 7,236,735        |

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 9. Post-Employment Benefits (continued)**

Funding Status and Funding Progress: As of June 30, 2017, the actuarial accrued liability for benefits was \$18,862,989, all of which was unfunded. The covered payroll for all active employees was \$3,312,138, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 570%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age was based on the experience under the NYS & Local Retirement System.

Marital status – It is assumed that 70% of retirees will be married at the time of their retirement.

Mortality – Life expectancies were based on The RPH-2014 Headcount Weighted Mortality Table for males and females.

Turnover – Turnover was based on the experience under the NYS & Local Retirement System.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was set at 6.5%.

Discount rate – A 4% discount was used.

The unfunded actuarial accrued liability is being amortized over a level period of 30 years. The remaining amortization period at June 30, 2017 was 22 years.

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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#### **Note 10. Commitments and Contingencies**

The Willsboro Central School District is exposed to various risk of loss related to damage to and destruction of assets: injuries to employees and student; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. For its employee health and accident insurance coverage the Willsboro Central School District is a participant in the Clinton-Essex-Warren-Washington Health insurance Consortium, a public entity risk pool operated for the benefit of 17 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the health and accident coverage.

The Clinton-Essex-Warren-Washington Health Insurance Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Willsboro Central School District has essentially transferred all related risk to the Consortium.

The Willsboro Central School District participates in a risk sharing pool, the Clinton-Essex-Warren-Washington Workers' Compensation Consortium, to insure Workers' Compensation claims. The Clinton-Essex-Warren-Washington Workers' Compensation Consortium is a public entity risk pool operated for the benefit of 17 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The School pays an annual premium to the Plan for the worker's compensation coverage. The Clinton-Essex-Warren- Washington Worker's Compensation Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Willsboro Central School District has essentially transferred all related risk to the Consortium.

From time to time the Willsboro Central School District is involved in tax certiorari proceedings from residents petitioning to have their assessed taxable values lowered. The District is aware of certain petitions for tax certiorari proceedings amounting to \$4,398. A reserve for tax certiorari is established for \$28,695.

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

#### **Note 11. Joint Venture**

The Willsboro Central School District is one of 17 component school districts in the Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 11. Joint Venture (continued)**

Section 119-n(a) of the General Municipal Law.

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

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

During the year ended June 30, 2017, the Willsboro Central School District was billed \$819,705 for BOCES administrative program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2017, the Willsboro Central School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES income amounted to \$103,503. BOCES also refunded the District \$59,442 for excess expenses billed in prior years.

**Note 12. Tax Abatements**

The County of Essex, enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$17,647. The District received payment in Lieu of Tax (PILOT) payment totaling \$0.

**Note 13. Prior Period Information**

Comparative prior period information has been presented in summary form. This information was derived from the Districts June 30, 2016 financial statements, and in our report dated September 6, 2016 we expressed an unmodified opinion.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Note 14. Stewardship, Compliance and Accountability**

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2017 was \$1,593,971 which represents 18.76% of next year's budget. The excess amounted to \$1,254,131.

At June 30, 2017 the Capital Projects fund had a negative fund balance of \$195,448. The District anticipates replenishing the negative fund balance through budgetary appropriation.

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

WILLSBORO CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEETS - SPECIAL REVENUE FUNDS

June 30, 2017 and 2016

|   | Special Aid      | School Lunch     | 2017 Total       | 2016 Total       |
|---|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                             |                  |                  |                  |                  |
| Unrestricted cash                         | \$ 511           | \$ 6,714         | \$ 7,225         | \$ 12,959        |
| Accounts receivable                       | -                | 12               | 12               | -                |
| State and federal aid receivable          | 50,131           | 202              | 50,333           | 34,216           |
| Inventories                               | -                | 5,233            | 5,233            | 3,429            |
| <b>Total assets</b>                       | <b>\$ 50,642</b> | <b>\$ 12,161</b> | <b>\$ 62,803</b> | <b>\$ 50,604</b> |
| <b>LIABILITIES AND FUND BALANCE</b>       |                  |                  |                  |                  |
| Liabilities:                              |                  |                  |                  |                  |
| Due to other funds                        | \$ 50,200        | \$ 6,519         | \$ 56,719        | \$ 47,024        |
| Due to other governments                  | -                | 144              | 144              | 151              |
| Unearned revenue                          | 442              | -                | 442              | -                |
| <b>Total liabilities</b>                  | <b>50,642</b>    | <b>6,663</b>     | <b>57,305</b>    | <b>47,175</b>    |
| Fund Balance:                             |                  |                  |                  |                  |
| Nonspendable                              |                  |                  |                  |                  |
| Inventory                                 | -                | 5,233            | 5,233            | 3,429            |
| Assigned                                  |                  |                  |                  |                  |
| School lunch                              | -                | 265              | 265              | -                |
| Unassigned                                | -                | -                | -                | -                |
| <b>Total fund balance</b>                 | <b>-</b>         | <b>5,498</b>     | <b>5,498</b>     | <b>3,429</b>     |
| <b>Total liabilities and fund balance</b> | <b>\$ 50,642</b> | <b>\$ 12,161</b> | <b>\$ 62,803</b> | <b>\$ 50,604</b> |

See Independent Auditor's Report.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND**  
**Years Ended June 30, 2017 and 2016**

|   | Special<br>Aid | School<br>Lunch | <b>2017<br/>Total</b> | 2016<br>Total  |
|---|----------------|-----------------|-----------------------|----------------|
| <b>REVENUES</b>   |                |                 |                       |                |
| State sources   | \$ 48,116      | \$ 2,867        | <b>\$ 50,983</b>      | \$ 38,688      |
| Federal sources   | 154,289        | 84,144          | <b>238,433</b>        | 248,568        |
| Interest  | -              | 5               | <b>5</b>              | 5              |
| Miscellaneous   | -              | 104             | <b>104</b>            | 67             |
| Sales   | -              | 41,999          | <b>41,999</b>         | 39,058         |
| <b>Total revenues</b>   | <b>202,405</b> | <b>129,119</b>  | <b>331,524</b>        | <b>326,386</b> |
| <b>EXPENDITURES</b>   |                |                 |                       |                |
| General support   | -              | 57,493          | <b>57,493</b>         | 50,854         |
| Instruction   | 200,931        | -               | <b>200,931</b>        | 191,053        |
| Employee Benefits   | 7,428          | 54,684          | <b>62,112</b>         | 65,640         |
| Cost of sales   | -              | 44,871          | <b>44,871</b>         | 43,519         |
| <b>Total expenditures</b>   | <b>208,359</b> | <b>157,048</b>  | <b>365,407</b>        | <b>351,066</b> |
| <b>OTHER SOURCES</b>  |                |                 |                       |                |
| Operating Transfers In  | 5,954          | 29,998          | <b>35,952</b>         | 25,116         |
| <b>Total Other Sources</b>  | <b>5,954</b>   | <b>29,998</b>   | <b>35,952</b>         | <b>25,116</b>  |
| <b>Excess (deficit) of<br/>revenues and other<br/>sources over expenditures</b> | <b>\$ -</b>    | <b>\$ 2,069</b> | <b>\$ 2,069</b>       | <b>\$ 436</b>  |

See Independent Auditor's Report.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT  
Year Ended June 30, 2017**

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**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

|                                 |              |                            |
|---------------------------------|--------------|----------------------------|
| Adopted budget                  |              | \$ 8,472,961               |
| Additions:                      |              |                            |
| Encumbrances - fiscal year 2016 | 32,238       |                            |
| Gifts and donations             | <u>7,000</u> |                            |
| <b>Total additions</b>          |              | <u>39,238</u>              |
| Final budget                    |              | <u><u>\$ 8,512,199</u></u> |

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

|   |                  |                            |
|---|------------------|----------------------------|
| 2017-2018 expenditure budget  |                  | \$ 8,495,998               |
| Maximum allowed (4% of 2017-18 budget)                                      |                  |                            |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: |                  |                            |
| Unrestricted fund balance:  |                  |                            |
| Committed fund balance  | \$ -             |                            |
| Assigned fund balance   | 858,525          |                            |
| Unassigned fund balance   | <u>1,593,971</u> |                            |
| Total unrestricted fund balance   | <u>2,452,496</u> |                            |
| Less:   |                  |                            |
| Appropriated fund balance   | 830,182          |                            |
| Insurance recovery reserve  | -                |                            |
| Tax reduction reserve   | -                |                            |
| Encumbrances included in committed and assigned fund balance                | <u>28,343</u>    |                            |
| Total adjustments   | <u>858,525</u>   |                            |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: |                  | <u><u>\$ 1,593,971</u></u> |
| Actual percentage   |                  | <u><u>18.76%</u></u>       |

See Independent Auditor's Report.



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2017**

|   | Adopted<br>Budget   | Final<br>Budget     | Actual<br>(Budgetary<br>Basis) | Final Budget<br>Variance with<br>Budgetary Actual |
|---|---------------------|---------------------|--------------------------------|---|
| <b>Revenues:</b>                                    |                     |                     |                                |   |
| Local sources:                                      |                     |                     |                                |   |
| Real property tax items                             | \$ 5,158,619        | \$ 5,158,619        | \$ 5,162,788                   | \$ 4,169  |
| Charges for services                                | 2,900               | 2,900               | 18,373                         | 15,473  |
| Use of money and property                           | 9,000               | 9,000               | 7,556                          | (1,444)   |
| Miscellaneous                                       | 60,600              | 67,600              | 100,310                        | 32,710  |
| State sources                                       | 2,317,224           | 2,317,224           | 2,285,812                      | (31,412)  |
| Federal sources                                     | -                   | -                   | 17,709                         | 17,709  |
| <b>Total revenues</b>                               | <b>7,548,343</b>    | <b>7,555,343</b>    | <b>7,592,548</b>               | <b>37,205</b>                                     |
| <b>Other financing sources:</b>                     |                     |                     |                                |   |
| Interfund transfers                                 | -                   | -                   | -                              | -   |
| Appropriated reserves                               | -                   | 32,238              | -                              | -   |
|   | -                   | 32,238              | -                              | -   |
| <b>Total revenues and appropriated fund balance</b> | <b>\$ 7,548,343</b> | <b>\$ 7,587,581</b> | <b>7,592,548</b>               | <b>\$ 37,205</b>                                  |

See Independent Auditor's Report.

|  | Adopted<br>Budget   | Final<br>Budget     | Actual<br>(Budgetary<br>Basis) | Year-end<br>Encumbrances | Final Budget<br>Variance with<br>Budgetary Actual<br>and Encumbrances |
|--|---------------------|---------------------|--------------------------------|--------------------------|---|
| <b>Expenditures:</b>                     |                     |                     |                                |                          |   |
| General support:                         |                     |                     |                                |                          |   |
| Board of education                       | \$ 2,950            | \$ 4,500            | 4,425                          | \$ -                     | \$ 75   |
| Central administration                   | 224,159             | 231,959             | 230,439                        | -                        | 1,520   |
| Finance                                  | 140,893             | 143,843             | 140,664                        | 61                       | 3,118   |
| Staff                                    | 39,505              | 32,105              | 30,141                         | -                        | 1,964   |
| Central services                         | 504,758             | 535,465             | 463,681                        | 9,603                    | 62,181  |
| Special items                            | 131,179             | 131,179             | 129,467                        | -                        | 1,712   |
| <b>Total General Support</b>             | <b>1,043,444</b>    | <b>1,079,051</b>    | <b>998,817</b>                 | <b>9,664</b>             | <b>70,570</b>   |
| Instructional:                           |                     |                     |                                |                          |   |
| Administration and improvement           | 33,000              | 23,200              | 14,324                         | -                        | 8,876   |
| Teaching - regular school                | 2,311,964           | 2,321,800           | 2,182,210                      | 4,976                    | 134,614   |
| Special education programs               | 1,299,795           | 1,291,845           | 894,467                        | -                        | 397,378   |
| Instructional media                      | 92,814              | 91,884              | 78,877                         | 1,613                    | 11,394  |
| Pupil service                            | 311,720             | 340,528             | 312,531                        | 7,685                    | 20,312  |
| <b>Total Instructional</b>               | <b>4,049,293</b>    | <b>4,069,257</b>    | <b>3,482,409</b>               | <b>14,274</b>            | <b>572,574</b>  |
| Pupil transportation                     | 287,671             | 288,638             | 242,389                        | 4,405                    | 41,844  |
| Employee Benefits                        | 2,297,588           | 2,259,334           | 1,932,029                      | -                        | 327,305   |
| Debt service                             | 779,965             | 779,965             | 779,963                        | -                        | 2   |
| <b>Total expenditures</b>                | <b>8,457,961</b>    | <b>8,476,245</b>    | <b>7,435,607</b>               | <b>28,343</b>            | <b>1,012,295</b>  |
| <b>Other Financing Uses:</b>             |                     |                     |                                |                          |   |
| Interfund transfer                       | 15,000              | 35,954              | 35,952                         | -                        | 2   |
| <b>Total expenditures and other uses</b> | <b>8,472,961</b>    | <b>8,512,199</b>    | <b>7,471,559</b>               | <b>\$ 28,343</b>         | <b>\$ 1,012,297</b>   |
| <b>Net change in fund balance</b>        | <b>(924,618)</b>    | <b>(924,618)</b>    | <b>120,989</b>                 |                          |   |
| <b>Fund balance - beginning</b>          | <b>3,566,072</b>    | <b>3,566,072</b>    | <b>3,566,072</b>               |                          |   |
| <b>Fund balance - ending</b>             | <b>\$ 2,641,454</b> | <b>\$ 2,641,454</b> | <b>\$ 3,687,061</b>            |                          |   |

See Independent Auditor's Report.

WILLSBORO CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2017

| Project Title | Original<br>Appropriation | Revised<br>Appropriation | Prior<br>Years | Current<br>Year | Total      | (Overexpended)<br>Unexpended<br>Balance | Methods of Financing       |           |                  | Fund<br>Balance<br>June 30, 2017 |              |
|---------------|---------------------------|--------------------------|----------------|-----------------|------------|---|----------------------------|-----------|------------------|----------------------------------|--------------|
|               |                           |                          |                |                 |            |   | Proceeds of<br>Obligations | State Aid | Local<br>Sources |                                  |              |
| Buses 6/30/15 | \$ 130,513                | \$ 130,513               | \$ 130,513     | \$ -            | \$ 130,513 | \$ -                                    | \$ -                       | \$ -      | \$ 51,377        | \$ 51,377                        | \$ (79,136)  |
| Buses 6/30/17 | 116,312                   | 116,312                  | -              | 116,312         | 116,312    | -                                       | -                          | -         | -                | -                                | (116,312)    |
| Total Buses   | \$ 246,825                | \$ 246,825               | \$ 130,513     | \$ 116,312      | \$ 246,825 | \$ -                                    | \$ -                       | \$ -      | \$ 51,377        | \$ 51,377                        | \$ (195,448) |

See Independent Auditor's Report.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NET INVESTMENT IN CAPITAL ASSETS**  
**Year Ended June 30, 2017**

|  |                            |
|--|----------------------------|
| Capital Assets, Net                        | \$ 8,742,286               |
| Add:                                       |                            |
| Deferred interest from bond refunding, net | 138,947                    |
| Deduct:                                    |                            |
| Bond anticipation notes                    | (195,549)                  |
| Short-term portion of bonds payable        | (450,000)                  |
| Long-term portion of bonds payable         | (6,465,000)                |
| Less: unspent bond proceeds                | 101                        |
| Net investment in capital assets           | <u><u>\$ 1,770,785</u></u> |

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS PLAN**  
**Year Ended June 30, 2017**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</b> | <b>Unfunded<br/>AAL</b> | <b>Funded<br/>Ratio</b> | <b>Covered<br/>Payroll</b> | <b>UALL as a<br/>Percentage<br/>of Covered<br/>Payroll</b> |
|---|--|--|-------------------------|-------------------------|----------------------------|--|
| 6/30/2017                               | \$ -                                     | \$ 18,862,989  | \$ 18,862,989           | 0%                      | \$ 3,312,138               | 569.51%  |
| 6/30/2016                               | \$ -                                     | \$ 17,970,456  | \$ 17,970,456           | 0%                      | \$ 3,233,073               | 555.83%  |
| 6/30/2015                               | \$ -                                     | \$ 19,009,715  | \$ 19,009,715           | 0%                      | \$ 3,244,069               | 585.98%  |
| 6/30/2014                               | \$ -                                     | \$ 17,960,594  | \$ 17,960,594           | 0%                      | \$ 3,214,656               | 558.71%  |
| 6/30/2013                               | \$ -                                     | \$ 16,960,838  | \$ 16,960,838           | 0%                      | \$ 3,369,994               | 503.29%  |
| 6/30/2012                               | \$ -                                     | \$ 14,515,476  | \$ 14,515,476           | 0%                      | \$ 3,378,084               | 429.70%  |
| 6/30/2011                               | \$ -                                     | \$ 13,706,258  | \$ 13,706,258           | 0%                      | \$ 3,391,237               | 404.17%  |
| 6/30/2010                               | \$ -                                     | \$ 12,916,369  | \$ 12,916,369           | 0%                      | \$ 3,386,532               | 381.40%  |

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Year Ended June 30, 2017**

NYSERS Pension Plan  
 Last 10 Fiscal Years\*

|  | 2017       | 2016       | 2015       | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|------------|------------|------------|------|------|------|------|------|------|------|
| District's proportion of the net pension liability (asset)   | 0.0018136% | 0.0020480% | 0.0022604% |      |      |      |      |      |      |      |
| District's proportionate share of the net pension liability (asset)  | \$ 170,413 | \$ 328,715 | \$ 76,361  |      |      |      |      |      |      |      |
| District's covered- employee payroll   | \$ 663,661 | \$ 589,064 | \$ 597,581 |      |      |      |      |      |      |      |
| Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 25.68%     | 55.80%     | 12.78%     |      |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability   | 94.70%     | 90.70%     | 97.90%     |      |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**Year Ended June 30, 2017**

NYSERS Pension Plan  
Last 10 Fiscal Years

|  | 2017       | 2016       | 2015       | 2014       | 2013       | 2012      | 2011      | 2010      | 2009      | 2008      |
|--|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| Contractually required contribution                                  | \$ 92,075  | \$ 112,806 | \$ 113,828 | \$ 127,701 | \$ 113,237 | \$ 91,353 | \$ 66,103 | \$ 37,089 | \$ 44,104 | \$ 45,656 |
| Contributions in relation to the contractually required contribution | \$ 92,075  | \$ 112,806 | \$ 113,828 | \$ 127,701 | \$ 113,237 | \$ 91,353 | \$ 66,103 | \$ 37,089 | \$ 44,104 | \$ 45,656 |
| Contribution deficiency (excess)                                     | -          | -          | -          | -          | -          | -         | -         | -         | -         | -         |
| Districts covered-employee payroll                                   | \$ 663,661 | \$ 589,064 | \$ 597,581 |            |            |           |           |           |           |           |
| Contributions as a percentage of covered employee payroll            | 13.87%     | 19.15%     | 19.05%     |            |            |           |           |           |           |           |

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Year Ended June 30, 2017**

NYSTRS Pension Plan  
Last 10 Fiscal Years\*

|  | 2017         | 2016           | 2015           | 2014         | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|--------------|----------------|----------------|--------------|------|------|------|------|------|------|
| District's proportion of the net pension liability (asset)   | 0.016683%    | 0.016880%      | 0.016803%      | 0.016602%    |      |      |      |      |      |      |
| District's proportionate share of the net pension liability (asset)  | \$ 178,680   | \$ (1,753,281) | \$ (1,871,733) | \$ (109,281) |      |      |      |      |      |      |
| District's covered- employee payroll   | \$ 2,671,721 | \$ 2,574,327   | \$ 2,482,043   |              |      |      |      |      |      |      |
| Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 6.69%        | -68.11%        | -75.41%        |              |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability   | 99.01%       | 110.46%        | 111.48%        |              |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**Year Ended June 30, 2017**

NYSTRS Pension Plan  
 Last 10 Fiscal Years

|  | 2017         | 2016         | 2015         | 2014       | 2013       | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|--------------|--------------|--------------|------------|------------|------|------|------|------|------|
| Contractually required contribution                                  | \$ 341,356   | \$ 444,488   | \$ 403,332   | \$ 287,926 | \$ 292,542 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | \$ 341,356   | \$ 444,488   | \$ 403,332   | \$ 287,926 | \$ 292,542 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution deficiency (excess)                                     | -            | -            | -            | -          | -          | -    | -    | -    | -    | -    |
| Districts covered-employee payroll                                   | \$ 2,671,721 | \$ 2,574,327 | \$ 2,482,043 |            |            |      |      |      |      |      |
| Contributions as a percentage of covered employee payroll            | 12.78%       | 17.27%       | 16.25%       |            |            |      |      |      |      |      |

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

# ***BOULRICE & WOOD CPAS, P.C.***

***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

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

To the Board of Education  
Willsboro Central School District  
Willsboro, 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, the business-type activities, each major fund and the aggregate remaining fund information of Willsboro Central School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Willsboro Central School District's basic financial statements and have issued our report thereon dated September 12, 2017.

### **Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Willsboro Central School 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 the 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

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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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, as item 17-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Willsboro Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 17-1.

### **District's Response to Findings**

Willsboro Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Willsboro Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Boulrice & Wood CPAs, PC*

Boulrice & Wood, CPA'S PC  
September 12, 2017

**WILLSBORO CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017**

**FINANCIAL STATEMENTS**

**Significant Deficiency**

**17-1 Excess Fund Balance**

Condition: The District's unassigned general fund balance was 18.76% of next year's budget.

Effect: The District's unassigned general fund balance was 14.76%, or \$1,254,131, over the amount allowable by law.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unassigned fund balance may not exceed an amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

Corrective Action: The district continues to take a conservative approach to our fund balance. For the second year, we reduced our tax rate and maintained our staff and programs. We anticipate potential future expenses including the building of a new transportation facility, energy performance contract, and negotiations with our teaching staff. As state aid continues to be an uncertainty, the district has allowed for balance within the volatile state aid system. The district continues to budget within the state mandated tax thresholds.

# ***BOULRICE & WOOD CPAS, P.C.***

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## ***Certified Public Accountants***

***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT**

To the School Board  
Willsboro Central School District  
Willsboro, New York

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Willsboro Central School District as of and for the year ended June 30, 2017, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Willsboro Central School District as of June 30, 2017, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting**

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

*Boulrice & Wood CPAs, PC*

Boulrice & Wood, CPA's PC  
September 12, 2017

**WILLSBORO CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUNDS**

**BALANCE SHEETS  
June 30, 2017 and 2016**

|                           | <u>2017</u>      | <u>2016</u>      |
|---------------------------|------------------|------------------|
| <b>ASSETS</b>             |                  |                  |
| Cash                      | \$ 51,352        | \$ 48,632        |
| <b>Total Assets</b>       | <u>\$ 51,352</u> | <u>\$ 48,632</u> |
| <b>FUND BALANCE</b>       |                  |                  |
| Extraclassroom Activity   | \$ 51,352        | \$ 48,632        |
| <b>Total Fund Balance</b> | <u>\$ 51,352</u> | <u>\$ 48,632</u> |

See Notes to the Financial Statements – Extraclassroom Activity Fund

**WILLSBORO CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES - CASH BASIS  
Year Ended June 30, 2017**

| Activity        | Balance<br>June 30, 2016 | Receipts         | Disbursements    | Balance<br>June 30, 2017 |
|-----------------|--------------------------|------------------|------------------|--------------------------|
| Class of 2017   | \$ 12,016                | \$ 12,770        | \$ 24,786        | \$ -                     |
| Class of 2018   | 4,587                    | 16,546           | 9,195            | <b>11,938</b>            |
| Class of 2019   | 3,597                    | 5,512            | 2,671            | <b>6,438</b>             |
| Class of 2020   | -                        | 4,703            | 2,682            | <b>2,021</b>             |
| Band Boosters   | 342                      | -                | 143              | <b>199</b>               |
| Drama Club      | 5,794                    | 30,732           | 25,628           | <b>10,898</b>            |
| Student Council | 7,786                    | 1,167            | 2,560            | <b>6,393</b>             |
| French Club     | 1,490                    | 3,518            | 3,491            | <b>1,517</b>             |
| Key Club        | 567                      | 3,005            | 2,826            | <b>746</b>               |
| CFES            | 3,385                    | 3,599            | 5,121            | <b>1,863</b>             |
| JNHS            | 650                      | 765              | 747              | <b>668</b>               |
| NHS             | 4,990                    | 818              | 1,406            | <b>4,402</b>             |
| Spanish Club    | 2,647                    | 3,383            | 2,940            | <b>3,090</b>             |
| Yearbook        | 637                      | 5,684            | 5,314            | <b>1,007</b>             |
| Interest Income | 144                      | 28               | -                | <b>172</b>               |
|                 | <u>\$ 48,632</u>         | <u>\$ 92,230</u> | <u>\$ 89,510</u> | <u>\$ 51,352</u>         |

See Notes to the Financial Statements – Extraclassroom Activity Fund



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies**

Basis of Accounting: The books and records of the Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Willsboro Central School 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 School with respect to its financial transactions and the designation of student management.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.