

**WILLSBORO CENTRAL
SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2018 AND 2017**

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Certified Public Accountants

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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, 2018, 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 2017 financial statements, and in our report dated September 12, 2017, 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, 2018, 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 53 & 54), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 57) 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 58-61) 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 20, 2018 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 20, 2018

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, 2018. 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 2017-2018

- Net position for the general fund decreased \$14,139.
- Net position for the cafeteria fund decreased \$2,347.

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, 2018</u>	<u>Restated June 30, 2017</u>
Current and Other Assets	\$ 4,346,989	\$ 4,275,937
Capital Assets	8,473,658	8,742,286
Total Assets	<u>12,820,647</u>	<u>13,018,223</u>
Deferred Outflow of Resources		
Unamortized Defeasance Loss	127,368	138,947
OPEB (GASB75)	454,500	420,498
Pensions	1,906,242	1,897,205
Total Assets and Deferred Outflow of Resources	<u>\$ 15,308,757</u>	<u>\$ 15,474,873</u>
Long-Term Liabilities	\$ 26,505,382	\$ 29,910,288
Other Liabilities	547,305	564,320
Total Liabilities	<u>27,052,687</u>	<u>30,474,608</u>
Deferred Inflow of Resources		
OPEB (GASB 75)	2,704,301	-
Pensions	564,678	98,002
	<u>3,268,979</u>	<u>98,002</u>
Net Assets		
Net Invested in Capital Assets	\$ 1,916,658	\$ 1,770,785
Restricted	1,401,183	1,449,071
Unrestricted	(18,330,750)	(18,317,593)
Total Net Assets	<u>(15,012,909)</u>	<u>(15,097,737)</u>
Total Liabilities, Deferred Inflow of Resources and Net Assets	<u>\$ 15,308,757</u>	<u>\$ 15,474,873</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 decreased 8.3% from 2016-2017 to 2017-2018. This is primarily from the payment of outstanding debt and the District's change in capitalization policy from \$500 to \$2,500.

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 \$13,157 largely due to GASB 75 "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)**

Revenues:	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Program Revenues:		
Charges for services	\$ 36,877	\$ 41,999
Operating grants	310,094	289,416
Total program revenues	<u>346,971</u>	<u>331,415</u>
General Revenues:		
Property Taxes	5,160,136	5,162,788
State Aid	2,476,380	2,285,812
Federal Aid	22,966	17,709
Use of Money and Property	7,688	7,882
Charges for services	128,153	18,373
Miscellaneous	103,158	100,414
Total general revenues	<u>7,900,303</u>	<u>7,592,978</u>
Total Revenues:	<u>8,247,274</u>	<u>7,924,393</u>
Expenses:		
General Government Support	1,135,486	1,050,633
Instruction	4,140,694	3,958,835
Pupil Transportation	327,321	299,730
Employee Benefits	2,118,524	3,285,008
Debt Service – Interest	325,471	340,542
Cost of Sales – food	39,723	44,871
Total Expenses:	<u>8,087,219</u>	<u>8,979,619</u>
Increase (Decrease) in Net Position:	<u>\$ 160,055</u>	<u>\$ (1,055,226)</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 \$5,160,136. 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, \$4,140,694 and employee benefits, \$2,118,524. The District has an increase in net position of \$160,055.

The total decrease in expenses was 9.94%. However, the largest percentage decrease was to Employee benefits and Cost of food sales, which was 35.5% and 11.5%, 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 decreased 0.4% from 2016-2017 to 2017-2018.

Cafeteria Fund (listed under Special Revenue). The fund balance is currently \$3,151, \$2,347 below the prior year. This fund experienced a slight decrease in employee benefits. The cost of food and supplies decreased by \$5,148. Sales rose slightly. The District transferred \$26,843 into the Cafeteria Fund to supplement the shortage experienced by the cafeteria.

Debt Service Fund. The fund balance increased \$322.

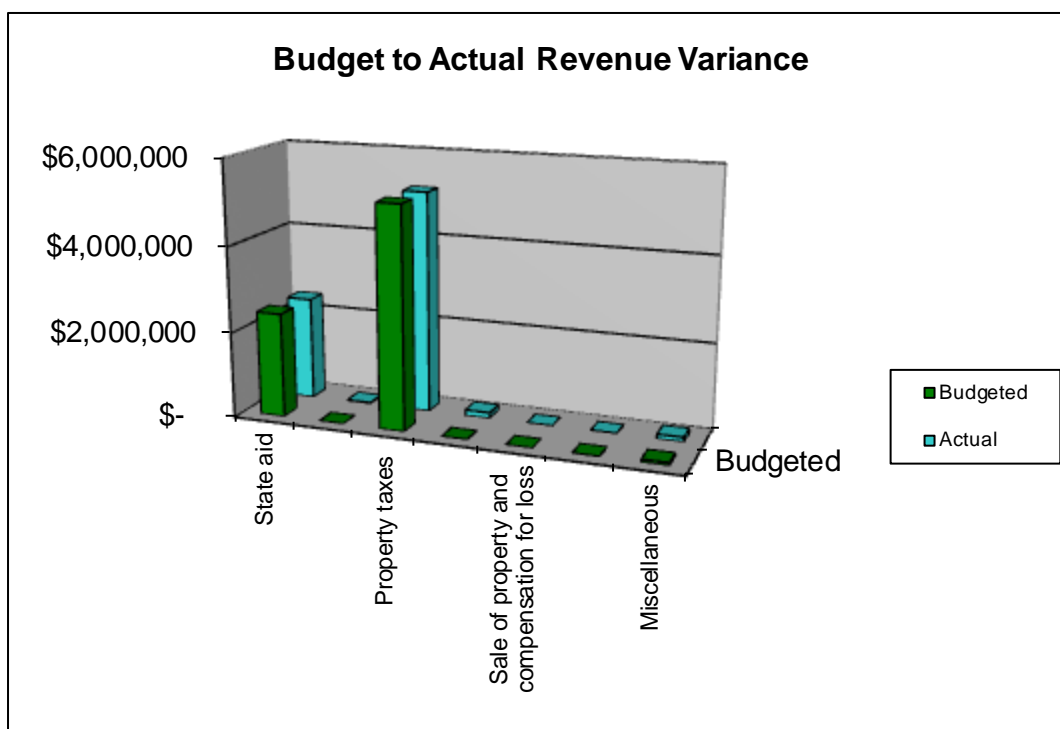
Fiduciary Funds. The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom 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 2017-2018 school year the original budget increased \$31,843. The increase of \$28,343 and \$3,500 was from prior year encumbrances and gifts and donations, respectively .

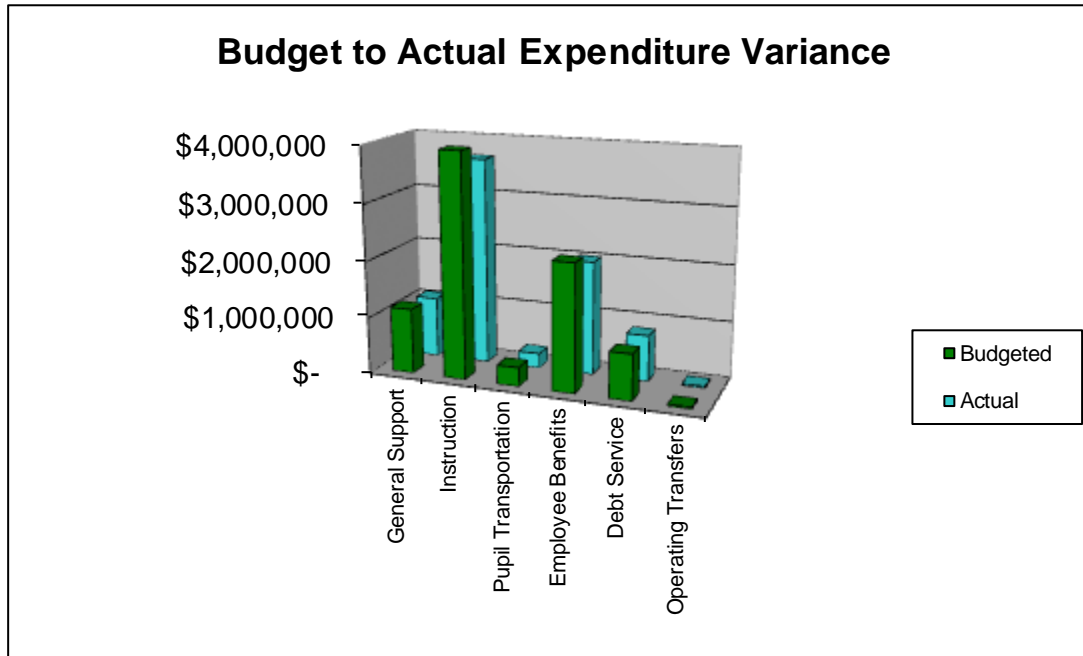
The budget increased from 2016-2017 to 2017-2018, \$8,472,961 to \$8,495,998.

General fund actual revenues exceeded the budget by \$163,911. The largest portion of the excess came from charges for services \$125,153.



	Budgeted	Actual	Variance
State aid	\$ 2,434,697	\$ 2,409,757	\$ (24,940)
Federal sources	-	22,966	22,966
Property taxes	5,159,119	5,160,136	1,017
Charges for services	3,000	128,153	125,153
Sale of property and compensation for loss	-	1,822	1,822
Use of money and property	7,500	7,361	(139)
Miscellaneous	65,000	103,032	38,032
	<u>\$ 7,669,316</u>	<u>\$ 7,833,227</u>	<u>\$ 163,911</u>

General fund actual expenditures were less than budgeted by \$680,475.



	Budgeted	Actual	Variance
General Support	\$ 1,149,048	\$ 1,071,709	\$ (77,339)
Instruction	3,951,432	3,656,591	(294,841)
Pupil Transportation	335,315	260,367	(74,948)
Employee Benefits	2,244,739	2,011,560	(233,179)
Debt Service	813,307	813,305	(2)
Operating Transfers	34,000	33,834	(166)
	<u>\$ 8,527,841</u>	<u>\$ 7,847,366</u>	<u>\$ (680,475)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2018, are as follows:

	<u>2018</u>	<u>2017</u>
Non-Depreciable Assets:		
Land	\$ 236,016	\$ 236,016
Depreciable Assets:		
Building and Improvements	7,876,733	8,126,566
Furniture, Machinery, and Equipment	<u>360,909</u>	<u>379,704</u>
TOTAL	<u>\$ 8,473,658</u>	<u>\$ 8,742,286</u>

Debt

The District's total outstanding debt, as of June 30, 2018, was \$6,465,000 with \$465,000 due within one year.

OUTSTANDING DEBT

	<u>Beginning</u>	<u>Ending</u>
Serial bonds	\$ 6,915,000	\$ 6,465,000

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 \$44,453,721, 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, 2018 and 2017

ASSETS	2018	Restated 2017
Cash:		
Unrestricted	\$ 2,579,570	\$ 2,641,296
Restricted	1,405,501	1,449,222
Receivables:		
Accounts receivable	-	12
State and federal aid	113,138	110,115
Due from other governments	111,948	64,597
Due from fiduciary funds	6	6
Inventories	3,151	5,233
Deposit, electric reserve	5,524	5,456
Capital assets, net of accumulated depreciation	8,473,658	8,742,286
Net pension asset-proportionate share	128,151	-
Total Assets	12,820,647	13,018,223
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized defeasance loss	127,368	138,947
OPEB (GASB 75)	454,500	420,498
Pensions	1,906,242	1,897,205
Total Deferred Outflows of Resources	2,488,110	2,456,650
Total Assets and Deferred Outflows of Resources	\$ 15,308,757	\$ 15,474,873
LIABILITIES		
Payables:		
Accounts payable	\$ 16,919	\$ 22,933
Bond anticipation notes	223,636	195,549
Due to other governments	97	144
Due to teacher's retirement system	281,085	320,811
Due to employee's retirement system	25,568	24,441
Unearned revenue	-	442
Long-term liabilities		
Due and payable within one year:		
Bonds payable - current	465,000	450,000
Due and payable after one year		
Bonds payable - non-current	6,000,000	6,465,000
Compensated absences payable	187,086	220,169
Other post employment benefits	19,792,729	22,426,026
Net pension liability- proportionate share	60,567	349,093
Total Liabilities	27,052,687	30,474,608
DEFERRED INFLOWS OF RESOURCES		
OPEB (GASB 75)	2,704,301	-
Pensions	564,678	98,002
Total Deferred Inflows of Resources	3,268,979	98,002
NET POSITION		
Net investment in capital assets	1,916,658	1,770,785
Restricted	1,401,183	1,449,071
Unrestricted	(18,330,750)	(18,317,593)
Total Net Position	(15,012,909)	(15,097,737)
Total Liabilities, Deferred Inflows and Net Position	\$ 15,308,757	\$ 15,474,873

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES
Years Ended June 30, 2018 and 2017

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES			2018	2017
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
General support	\$ (1,135,486)	\$ -	\$ -	\$ (1,135,486)	\$ (1,050,633)
Instruction	(4,140,694)	-	217,404	(3,923,290)	(3,756,430)
Pupil transportation	(327,321)	-	-	(327,321)	(299,730)
Employee benefits	(2,118,524)	-	-	(2,118,524)	(3,285,008)
Debt service	(325,471)	-	-	(325,471)	(340,542)
School Lunch Program	(39,723)	36,877	92,690	89,844	84,139
Capital Outlay	-	-	-	-	-
Total Functions and Programs	<u>\$ (8,087,219)</u>	<u>\$ 36,877</u>	<u>\$ 310,094</u>	<u>(7,740,248)</u>	<u>(8,648,204)</u>
GENERAL REVENUES					
Real property taxes				5,160,136	5,162,788
Charges for Services				128,153	18,373
Use of money and property				7,688	7,882
Sale of property and compensation for loss				1,822	-
Miscellaneous				103,158	100,414
State sources				2,476,380	2,285,812
Federal sources				22,966	17,709
Total General Revenues				<u>7,900,303</u>	<u>7,592,978</u>
Change in Net Position				160,055	(1,055,226)
Total Net Position - Beginning of Year				(15,097,737)	(1,718,324)
Prior period adjustment (Notes 17 and 18)				(75,227)	(12,324,187)
Total Net Position - End of Year				<u>\$ (15,012,909)</u>	<u>\$ (15,097,737)</u>

See Notes to the Financial Statements.

BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2018 and 2017

	General Fund	Special Revenue	Debt Service	Capital Projects	2018 TOTAL	2017 TOTAL
ASSETS						
Unrestricted cash	\$ 2,578,589	\$ 981	\$ -	\$ -	\$ 2,579,570	\$ 2,641,296
Restricted cash	1,186,355	-	214,828	4,318	1,405,501	1,449,222
Accounts receivable	-	-	-	-	-	12
Due from other funds	62,561	-	-	-	62,561	56,775
State and federal aid receivable	51,517	61,621	-	-	113,138	110,115
Due from other governments	111,948	-	-	-	111,948	64,597
Inventories	-	3,151	-	-	3,151	5,233
Deposit, electric reserve	5,524	-	-	-	5,524	5,456
Total Assets	\$ 3,996,494	\$ 65,753	\$ 214,828	\$ 4,318	\$ 4,281,393	\$ 4,332,706
LIABILITIES						
Accounts payable	\$ 16,919	\$ -	\$ -	\$ -	\$ 16,919	\$ 22,933
Bond anticipation notes payable	-	-	-	223,636	223,636	195,549
Due to other governments	-	97	-	-	97	144
Due to other funds	-	62,505	-	50	62,555	56,769
Due to teachers' retirement system	281,085	-	-	-	281,085	320,811
Due to employees' retirement system	25,568	-	-	-	25,568	24,441
Unearned revenue	-	-	-	-	-	442
Total Liabilities	323,572	62,602	-	223,686	609,860	621,089
FUND BALANCES						
Nonspendable:						
Inventory	-	3,151	-	-	3,151	5,233
Restricted						
Capital reserve	477,600	-	-	-	477,600	476,884
Tax certiorari	28,738	-	-	-	28,738	28,695
Unemployment Insurance	16,889	-	-	-	16,889	18,658
Employee benefits & accrued liabilities	539,146	-	-	-	539,146	586,470
Retirement reserve	123,982	-	-	-	123,982	123,858
Retirement of long term debt	-	-	214,828	-	214,828	214,506
Assigned						
School lunch	-	-	-	-	-	265
Appropriated fund balance	1,111,542	-	-	-	1,111,542	830,182
Encumbrances (Note 10)	16,544	-	-	-	16,544	28,343
Unassigned	1,358,481	-	-	(219,368)	1,139,113	1,398,523
Total Fund Balances	3,672,922	3,151	214,828	(219,368)	3,671,533	3,711,617
Total Liabilities, Fund Balances and Deferred Inflows of Resources	\$ 3,996,494	\$ 65,753	\$ 214,828	\$ 4,318	\$ 4,281,393	\$ 4,332,706

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, 2018 and 2017

	General	Special Revenue	Debt Service	Capital Projects	2018 Total	2017 Total
REVENUES						
Real property taxes	\$ 5,160,136	\$ -	\$ -	\$ -	\$ 5,160,136	\$ 5,162,788
Charges for services	128,153	-	-	-	128,153	18,373
Use of money and property	7,361	5	322	-	7,688	7,882
Sale of property and compensation for loss	1,822	-	-	-	1,822	-
Miscellaneous	103,032	126	-	-	103,158	100,414
State sources	2,409,757	56,081	-	66,623	2,532,461	2,336,795
Federal sources	22,966	254,013	-	-	276,979	256,142
Sales	-	36,877	-	-	36,877	41,999
Total Revenues	7,833,227	347,102	322	66,623	8,247,274	7,924,393
EXPENDITURES						
General support	1,071,709	64,577	-	-	1,136,286	1,056,310
Instruction	3,656,591	216,900	-	-	3,873,491	3,683,340
Pupil transportation	260,367	-	-	-	260,367	242,389
Employee benefits	2,011,560	62,083	-	-	2,073,643	1,994,141
Debt service	813,305	-	-	-	813,305	779,963
Cost of sales	-	39,723	-	-	39,723	44,871
Capital outlay	-	-	-	139,956	139,956	116,312
Total Expenditures	7,813,532	383,283	-	139,956	8,336,771	7,917,326
Excess (Deficit) of Revenues over Expenditures	19,695	(36,181)	322	(73,333)	(89,497)	7,067
OTHER SOURCES AND USES						
BAN's redeemed from appropriations	-	-	-	49,413	49,413	26,000
Operating transfers in	-	33,834	-	-	33,834	35,952
Operating transfers (out)	(33,834)	-	-	-	(33,834)	(35,952)
Total Other Sources and Uses	(33,834)	33,834	-	49,413	49,413	26,000
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	(14,139)	(2,347)	322	(23,920)	(40,084)	33,067
Fund Balances, Beginning of Year	3,687,061	5,498	214,506	(195,448)	3,711,617	3,678,550
Fund Balances, End of Year	\$ 3,672,922	\$ 3,151	\$ 214,828	\$ (219,368)	\$ 3,671,533	\$ 3,711,617

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018 and 2017

	Private Purpose Trust	Agency	<u>2018</u> Total	<u>2017</u> Total
ASSETS				
Cash	\$ 50,404	\$ 66,263	\$ 116,667	\$ 112,604
Total Assets	<u>\$ 50,404</u>	<u>\$ 66,263</u>	<u>\$ 116,667</u>	<u>\$ 112,604</u>
LIABILITIES				
Extra classroom activity balance	\$ -	\$ 50,834	\$ 50,834	\$ 51,352
Due to other funds	-	6	6	6
Other liabilities	-	15,423	15,423	16,665
Total Liabilities	<u>-</u>	<u>66,263</u>	<u>66,263</u>	<u>68,023</u>
NET POSITION				
Reserved for scholarships	50,404	-	50,404	44,581
Total Liabilities and Net Position	<u>\$ 50,404</u>	<u>\$ 66,263</u>	<u>\$ 116,667</u>	<u>\$ 112,604</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	<u>Private Purpose Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Gifts and contributions	\$ 10,212	\$ 2,620
Investment earnings	111	116
Total Additions	<u>10,323</u>	<u>2,736</u>
Deductions		
Scholarships and awards	<u>4,500</u>	<u>4,600</u>
Total Deductions	<u>4,500</u>	<u>4,600</u>
Changes in Net Position	5,823	(1,864)
Net Position, Beginning of Year	<u>44,581</u>	<u>46,445</u>
Net Position, End of Year	<u><u>\$ 50,404</u></u>	<u><u>\$ 44,581</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, 2018

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Unrestricted cash	\$ 2,579,570	\$ -	\$ -	\$ 2,579,570
Restricted cash	1,405,501	-	-	1,405,501
Due from other funds	62,561	-	(62,555)	6
State and federal aid receivable	113,138	-	-	113,138
Due from other governments	111,948	-	-	111,948
Inventories	3,151	-	-	3,151
Deposit, electric reserve	5,524	-	-	5,524
Fixed assets	-	8,473,658	-	8,473,658
Net pension asset- proportionate share	-	128,151	-	128,151
Total Assets	4,281,393	8,601,809	(62,555)	12,820,647
DEFERRED OUTFLOW OF RESOURCES				
Unamortized defeasance loss	-	127,368	-	127,368
OPEB (GASB 75)	-	454,500	-	454,500
Pensions	-	1,906,242	-	1,906,242
Total Assets and Deferred Outflow of	\$ 4,281,393	\$ 11,089,919	\$ (62,555)	\$ 15,308,757
LIABILITIES				
Accounts payable	\$ 16,919	\$ -	\$ -	\$ 16,919
Bond anticipation notes payable	223,636	-	-	223,636
Due to other funds	62,555	-	(62,555)	-
Due to other governments	97	-	-	97
Due to teacher's retirement system	281,085	-	-	281,085
Due to employee's retirement system	25,568	-	-	25,568
Bonds payable	-	6,465,000	-	6,465,000
Compensated absences	-	187,086	-	187,086
Other post employment benefits	-	19,792,729	-	19,792,729
Net pension liability- proportionate share	-	60,567	-	60,567
Total Liabilities	609,860	26,505,382	(62,555)	27,052,687
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	2,704,301	-	2,704,301
Pensions	-	564,678	-	564,678
Total deferred Inflow of Resources	-	3,268,979	-	3,268,979
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	3,671,533	(18,684,442)	-	(15,012,909)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,281,393	\$ 11,089,919	\$ (62,555)	\$ 15,308,757

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, 2018

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 5,160,136	\$ -	\$ -	\$ -	\$ -	\$ 5,160,136
Charges for services	128,153	-	-	-	-	128,153
Use of money and property	7,688	-	-	-	-	7,688
Sale of property and compensation for loss	1,822	-	-	-	-	1,822
Miscellaneous	103,158	-	-	-	-	103,158
State sources	2,532,461	-	-	-	-	2,532,461
Federal sources	276,979	-	-	-	-	276,979
Sales	36,877	-	-	-	-	36,877
Total Revenues	8,247,274	-	-	-	-	8,247,274
EXPENDITURES						
General support	1,136,286	-	(800)	-	-	1,135,486
Instruction	3,873,491	-	267,203	-	-	4,140,694
Pupil transportation	260,367	-	66,954	-	-	327,321
Employee benefits	2,073,643	44,881	-	-	-	2,118,524
Debt service	813,305	-	-	(438,421)	(49,413)	325,471
Cost of sales	39,723	-	-	-	-	39,723
Capital outlay	139,956	-	(139,956)	-	-	-
Total Expenditures	8,336,771	44,881	193,401	(438,421)	(49,413)	8,087,219
Excess (Deficit) of Revenues over Expenditures	(89,497)	(44,881)	(193,401)	438,421	49,413	160,055
OTHER SOURCES AND USES						
BAN's redeemed from appropriations	49,413	-	-	-	(49,413)	-
Operating transfers in	33,834	-	-	-	(33,834)	-
Operating transfers out	(33,834)	-	-	-	33,834	-
Total Other Sources and Uses	49,413	-	-	-	(49,413)	-
Net Change for the Year	\$ (40,084)	\$ (44,881)	\$ (193,401)	\$ 438,421	\$ -	\$ 160,055

See Notes to the Financial Statements.

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018**

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, 2018**

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. Prepaids 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, 2018

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. Effective July 1, 2017, the capitalization threshold was increased from \$500 to \$2,500. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$2,500	Straight Line	15-50 Years
Land Improvements	\$2,500	Straight Line	15-30 Years
Equipment	\$2,500	Straight Line	5-25 Years
Licensed vehicles	\$2,500	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, 2018**

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, 2018**

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 \$3,151.

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, 2018

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, 2018.

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 \$16,544.

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 2017 financial statements may have been reclassified to conform to the 2018 presentation.

- L. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2018 and September 20, 2018, 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, 2018

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 four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide statement of Net Position. This amount represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net position. This represents the effect of the net change in the District's proportion of the collective net pension 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. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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, 2018:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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 Balance Sheet - Governmental Funds (Exhibit 3)	\$	3,671,533
Capital assets net of related depreciation		8,473,658
Net pension asset		128,151
Deferred outflows:		
Deferred interest from bond refunding, net		127,368
Pensions - TRS		1,688,172
Pensions - ERS		218,070
OPEB (GASB 75)		454,500

WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Liabilities, long term	
Bonds payable	(6,465,000)
Other post employment benefits	(19,792,729)
Compensated absences	(187,086)
Net pension liability	(60,567)
Defer Pensions - TRS	(365,183)
Pensions - ERS	(199,495)
OPEB (GASB 75)	<u>(2,704,301)</u>
Ending net position reported on Statement of Net Position (Exhibit 1)	<u><u>\$ (15,012,909)</u></u>

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

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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 Differences

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

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)	\$ 8,247,274
No current year changes	-
Total revenues of governmental activities in the Statement of Activities (Exhibit 2)	\$ 8,247,274

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 8,336,771
---	--------------

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 used during the year exceeded the amount earned.

(33,083)

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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)	193,401
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)	(450,000)
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)	(49,413)
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.	37,002
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	53,438
Employees' Retirement System	(12,476)
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	<u>\$ 8,087,219</u>
<u>Other Sources and Uses</u>	
Total other sources and uses in governmental funds (Exhibit 4)	\$ 49,413
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)	(49,413)
Total other sources and uses in the Statement of Activities (Exhibit 2)	<u>\$ -</u>

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 \$1,405,501 at June 30, 2018.

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2018 and for the fiscal year then ended, were as follows:

<u>Fund Type</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General	\$ 62,561	\$ -	\$ -	\$ 33,834
School Lunch	-	5,654	26,843	-
Special Aid	-	56,851	6,991	-
Capital Fund	-	50	-	-
Trust & Agency	-	6	-	-
Total	<u>\$ 62,561</u>	<u>\$ 62,561</u>	<u>\$ 33,834</u>	<u>\$ 33,834</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, 2018**

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	Restated 6/30/2017 Balance	Additions	Retirements/ Reclassifications	6/30/2018 Balance
Capital assets that 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 are depreciated:				
Buildings	\$ 12,359,659	\$ 15,668	\$ -	\$ 12,375,327
Furniture and equipment	1,257,692	130,014	(212,510)	1,175,196
Total depreciable historical cost	<u>13,617,351</u>	<u>145,682</u>	<u>(212,510)</u>	<u>13,550,523</u>
Less accumulated depreciation:				
Buildings	4,238,590	260,004	-	4,498,594
Furniture and equipment	947,718	79,079	(212,510)	814,287
Total accumulated depreciation	<u>5,186,308</u>	<u>339,083</u>	<u>(212,510)</u>	<u>5,312,881</u>
Total depreciable historical cost, net	<u>\$ 8,431,043</u>	<u>\$ (193,401)</u>	<u>\$ -</u>	<u>\$ 8,237,642</u>
Total Net Assets	<u>\$ 8,667,059</u>	<u>\$ (193,401)</u>	<u>\$ -</u>	<u>\$ 8,473,658</u>

Depreciation was charged to governmental functions as follows:

	<u>6/30/2018</u>
General Support	\$ 4,926
Instructions	267,203
Pupil Transportation	66,954
	<u>\$ 339,083</u>

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 6/30/2018
Bond Anticipation Note	8/1/2017	8/1/2018	2.00%	\$ 223,636
				<u>\$ 223,636</u>

Interest expense paid on short-term debt for the year ended June 30, 2018 is \$3,117.

Long-Term Debt:

a. Long-Term Debt Interest

Interest expense paid was \$310,775 for the year ended June 30, 2018. Amortization of deferred interest from bond refunding was \$11,579 resulting in net interest expense of \$322,354.

b. Changes

The changes in the District's long-term indebtedness during the year ended June 30, 2018 are summarized as follows:

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 7. Indebtedness (continued)

	Restated Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Bonds:				
Serial Bonds 2011	\$ 6,915,000	\$ -	\$ 450,000	\$ 6,465,000
	<u>6,915,000</u>	<u>-</u>	<u>450,000</u>	<u>6,465,000</u>
Other Liabilities:				
Compensated Absences	220,169	-	33,083	187,086
Other post employment benefits	22,426,026	-	2,633,297	19,792,729
	<u>22,646,195</u>	<u>-</u>	<u>2,666,380</u>	<u>19,979,815</u>
 Grand Total Long-term Debt	 <u>\$ 29,561,195</u>	 <u>\$ -</u>	 <u>\$ 3,116,380</u>	 <u>\$ 26,444,815</u>

c. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2018
Serial Bond 2011	4/19/2011	6/15/2029	4.0% - 5.0%	\$ 6,465,000

The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30:	Principal	Interest	Total
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	560,000	193,175	753,175
2024-2028	3,175,000	594,950	3,769,950
2029-2033	720,000	32,400	752,400
	<u>\$ 6,465,000</u>	<u>\$ 1,829,125</u>	<u>\$ 8,294,125</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, 2018

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. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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.

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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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 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, 2018**

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
2018	\$ 96,101	\$ 320,811
2017	\$ 92,075	\$ 350,428
2016	\$ 112,806	\$ 454,891

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, 2018 the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the 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	3/31/2018	6/30/2017
Net Pension asset/(liability)	\$ (60,567)	\$ 128,151
District's portion of the Plan's total net pension asset/(liability)	-0.0018766%	0.016860%

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8. Pensions (continued)

For the year ended June 30, 2018, the District's recognized pension expense of \$84,752 for ERS and the actuarial value \$322,532 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 21,602	\$ 105,437	\$ 17,851	\$ 49,965
Changes of assumptions	40,161	1,303,962	-	-
Net difference between projected and actual earnings on pension plan investments	87,969	-	173,641	301,832
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	42,770	9,700	8,003	13,386
District's contributions subsequent to the measurement date	25,568	269,073	-	-
Total	<u>\$ 218,070</u>	<u>\$ 1,688,172</u>	<u>\$ 199,495</u>	<u>\$ 365,183</u>

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>
2018	\$ -	\$ 30,000
2019	24,496	345,333
2020	20,589	247,224
2021	(36,787)	61,632
2022	(15,291)	246,506
Thereafter	-	123,221
Total	<u>\$ (6,993)</u>	<u>\$ 1,053,916</u>

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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> 3/31/2018	<u>TRS</u> 6/30/2017
Actuarial valuation date	4/1/2017	6/30/2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System 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, 2017 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, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The Long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real 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, 2018**

Note 8. Pensions (continued)

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

Measurement Date	ERS	TRS
	3/31/2018	6/30/2017
Asset Type:	%	%
Domestic equity	4.55	5.90
International equity	6.35	7.40
Private equities	7.50	9.00
Real estate	5.55	4.30
Absolute return strategies	3.75	-
Domestic fixed income securities	-	1.60
Global fixed income securities	-	1.30
High-yield fixed income securities	-	3.90
Mortgages and bonds	1.31	2.80
Opportunistic portfolio	5.68	-
Real assets	5.29	-
Cash	(0.25)	-
Inflation-indexed bonds	1.25	-
Short-term	-	0.60

Discount Rate

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

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

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8. Pensions (continued)

ERS	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
Employer's proportionate share of the net pension asset / (liability)	\$ (458,265)	\$ (60,567)	\$ 275,870

TRS	1% Decrease 6.25%	Current Assumption 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension asset / (liability)	\$ (2,207,664)	\$ 128,151	\$ 2,084,280

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	3/31/2018	6/30/2017	
Employers' total pension asset/(liability)	\$ (183,400,590)	\$ (114,708,261,032)	\$ (114,891,661,622)
Plan Net Position	180,173,145	115,468,360,316	115,648,533,461
Employers' net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099,284</u>	<u>\$ 756,871,839</u>
Ratio of plan net position to the Employers' total pension asset/ (liability)	98.24%	100.66%	100.66%

Payables to the pension plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$25,568.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$281,085.

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9. Post-Employment (Health Insurance) 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 \$684,125 for 59 employees were charged to expenses/expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	46
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>63</u>
	<u>109</u>

B. Total OPEB Liability

The District's total OPEB liability of \$19,792,729 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
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WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 9. Post-Employment (Health Insurance) Benefits (continued)

Salary Increases	3.0 percent
Discount Rate	3.6 percent
Healthcare Cost Trend Rates	7.0 percent for 2019, decreasing annually to an ultimate rate of 4.03 percent for 2078 and later years

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

Mortality rates were based on the RPH-2014 Mortality Table, as appropriate, with generational mortality adjusted to 2006 using scale MP-2014.

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 22,426,026</u>
<u>Changes for the Year-</u>	
Service Cost	721,435
Interest	653,711
Changes of benefit terms	(257,648)
Differences between expected and actual experience	(155,828)
Changes in assumptions or other inputs	(3,174,469)
Benefit payments	<u>(420,498)</u>
Net Changes	<u>(2,633,297)</u>
Balance at June 30, 2018	<u><u>\$ 19,792,729</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% percent in 2017 to 3.6% percent in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.60 percent) or 1 percentage point higher (4.60 percent) than the current discount rate:

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9. Post-Employment (Health Insurance) Benefits (continued)

	1% Decrease <u>2.60%</u>	Discount Rate <u>3.60%</u>	1% Increase <u>4.60%</u>
Total OPEB Liability	<u>\$ 23,364,789</u>	<u>\$ 19,792,729</u>	<u>\$ 16,941,736</u>

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

	1% Decrease <u> </u>	Healthcare Cost Trend Rates <u> </u>	1% Increase <u> </u>
Total OPEB Liability	<u>\$ 16,673,653</u>	<u>\$ 19,792,729</u>	<u>\$ 23,799,616</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$491,502. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources <u> </u>	Deferred Inflows of Resources <u> </u>
Differences between expected and actual experience	\$ -	\$ (126,537)
Changes of assumptions or other inputs	-	(2,577,764)
Contributions subsequent to the measurement period	<u>454,500</u>	<u>-</u>
Total	<u>\$ 454,500</u>	<u>\$ (2,704,301)</u>

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

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9. Post-Employment (Health Insurance) Benefits (continued)

Fiscal Year Ending June 30,	<u>Amount</u>
2019	\$ (625,996)
2020	(625,996)
2021	(625,996)
2022	(625,996)
2023 and Thereafter	<u>(200,317)</u>
	<u><u>\$ (2,704,301)</u></u>

Note 10. Assigned Fund Balance – Encumbrances

<u>General Fund</u>	<u>2018</u>	<u>2017</u>
Finance	\$ -	\$ 61
Central Services	4,009	9,603
Instruction Admin & Improvement	150	-
Teaching	6,776	4,976
Instructional Media	436	1,613
Pupil Services	5,173	7,685
Pupil Transportation	-	4,405
	<u>\$ 16,544</u>	<u>\$ 28,343</u>

Note 11. 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

WILLSBORO CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Note 11. Commitments and Contingencies (continued)

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 \$6,240. A reserve for tax certiorari is established for \$28,738.

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.

The District is a defendant in certain lawsuits arising out of the ordinary course of business. While the outcome of lawsuits and other proceedings against the District cannot be predicted with certainty, the District does not expect that these matters will have a material adverse effect on its financial position.

Note 12. 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 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.

WILLSBORO CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 12. Joint Venture (continued)

During the year ended June 30, 2018, the Willsboro Central School District was billed \$924,708 for BOCES administrative program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2018, 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 \$111,300. BOCES also refunded the District \$52,958 for excess expenses billed in prior years.

Note 13. 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 \$16,748. The District received payment in Lieu of Tax (PILOT) payment totaling \$0.

Note 14. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the Districts June 30, 2017 financial statements, and in our report dated September 12, 2017 we expressed an unmodified opinion.

Note 15. 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, 2018 was \$1,358,481 which represents 14.67% of next year's budget. The excess amounted to \$988,107.

At June 30, 2018 the Capital Projects fund had a negative fund balance of \$219,368. 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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 17. Change in Accounting Principles

For the year ended June 30, 2018 the District implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of Statement No. 75 requires Districts to report Other Postemployment Benefits (OPEB), liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The District's net position has been restated as follows:

Net position beginning of year, as previously stated		\$ (2,773,550)
GASB Statement no. 75 implementation		
OPEB Liability 06/30/17, as previously stated	9,681,341	
OPEB Liability 06/30/17, restated	<u>22,426,026</u>	
Increase in liability	(12,744,685)	(12,744,685)
Deferred outflow of resource for contributions subsequent of measurement date,		
06/30/17, as previously stated	-	
06/30/17, restated	<u>420,498</u>	
Increase in deferred outflow	420,498	<u>420,498</u>
Net position beginning of year, as restated		<u><u>\$ (15,097,737)</u></u>

Note 18. Prior Period Adjustment

Effective July 1, 2017, Willsboro Central School District increased its capitalization threshold from \$500 to \$2,500. All assets under \$2,500 were removed from the fixed asset listing resulting in a \$75,227 decrease in net position.

WILLSBORO CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEETS - SPECIAL REVENUE FUNDS

June 30, 2018 and 2017

	Special Aid	School Lunch	2018 Total	2017 Total
ASSETS				
Unrestricted cash	\$ 789	\$ 192	\$ 981	\$ 7,225
Accounts receivable	-	-	-	12
State and federal aid receivable	56,062	5,559	61,621	50,333
Inventories	-	3,151	3,151	5,233
Total assets	\$ 56,851	\$ 8,902	\$ 65,753	\$ 62,803
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other funds	\$ 56,851	\$ 5,654	\$ 62,505	\$ 56,719
Due to other governments	-	97	97	144
Unearned revenue	-	-	-	442
Total liabilities	56,851	5,751	62,602	57,305
Fund Balance:				
Nonspendable				
Inventory	-	3,151	3,151	5,233
Assigned				
School lunch	-	-	-	265
Total fund balance	-	3,151	3,151	5,498
Total liabilities and fund balance	\$ 56,851	\$ 8,902	\$ 65,753	\$ 62,803

See Independent Auditor's Report.

WILLSBORO CENTRAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND
 Years Ended June 30, 2018 and 2017

	Special Aid	School Lunch	2018 Total	2017 Total
REVENUES				
State sources	\$ 53,103	\$ 2,978	\$ 56,081	\$ 50,983
Federal sources	164,301	89,712	254,013	238,433
Interest	-	5	5	5
Miscellaneous	-	126	126	104
Sales	-	36,877	36,877	41,999
Total revenues	217,404	129,698	347,102	331,524
EXPENDITURES				
General support	-	64,577	64,577	57,493
Instruction	216,900	-	216,900	200,931
Employee Benefits	7,495	54,588	62,083	62,112
Cost of sales	-	39,723	39,723	44,871
Total expenditures	224,395	158,888	383,283	365,407
OTHER SOURCES				
Operating Transfers In	6,991	26,843	33,834	35,952
Total Other Sources	6,991	26,843	33,834	35,952
Excess (deficit) of revenues and other sources over expenditures	\$ -	\$ (2,347)	\$ (2,347)	\$ 2,069

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, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget		\$ 8,495,998
Additions:		
Encumbrances - fiscal year 2017	28,343	
Gifts and donations	<u>3,500</u>	
Total additions		<u>31,843</u>
Final budget		<u><u>\$ 8,527,841</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-2019 expenditure budget	\$ 9,259,356
Maximum allowed (4% of 2018-19 budget)	

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	1,128,086
Unassigned fund balance	<u>1,358,481</u>
Total unrestricted fund balance	<u>2,486,567</u>

Less:	
Appropriated fund balance	1,111,542
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in assigned fund balance	<u>16,544</u>
Total adjustments	<u>1,128,086</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 1,358,481</u></u>
Actual percentage	<u><u>14.67%</u></u>

WILLSBORO CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2018

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local sources:				
Real property tax items	\$ 5,159,119	\$ 5,159,119	\$ 5,160,136	\$ 1,017
Charges for services	3,000	3,000	128,153	125,153
Use of money and property	7,500	7,500	7,361	(139)
Sale of property and compensation for loss	-	-	1,822	1,822
Miscellaneous	61,500	65,000	103,032	38,032
State sources	2,434,697	2,434,697	2,409,757	(24,940)
Federal sources	-	-	22,966	22,966
Total revenues	7,665,816	7,669,316	7,833,227	163,911
Other financing sources:				
Interfund transfers	-	-	-	-
Appropriated reserves	-	28,343	-	-
	-	28,343	-	-
Total revenues and appropriated fund balance	\$ 7,665,816	\$ 7,697,659	7,833,227	\$ 163,911

See Independent Auditor's Report.

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 2,950	\$ 4,050	3,947	\$ -	\$ 103
Central administration	235,831	269,631	268,246	-	1,385
Finance	153,605	159,865	157,111	-	2,754
Staff	40,186	50,886	49,246	-	1,640
Central services	529,414	523,912	453,616	4,009	66,287
Special items	139,704	140,704	139,543	-	1,161
Total General Support	1,101,690	1,149,048	1,071,709	4,009	73,330
Instructional:					
Administration and improvement	13,000	13,500	10,495	150	2,855
Teaching - regular school	2,373,081	2,266,607	2,161,977	6,701	97,929
Special education programs	1,196,635	1,208,935	1,097,449	75	111,411
Instructional media	93,800	140,363	117,934	436	21,993
Pupil service	319,841	322,027	268,736	5,173	48,118
Total Instructional	3,996,357	3,951,432	3,656,591	12,535	282,306
Pupil transportation	305,305	335,315	260,367	-	74,948
Employee Benefits	2,264,339	2,244,739	2,011,560	-	233,179
Debt service	813,307	813,307	813,305	-	2
Total expenditures	8,480,998	8,493,841	7,813,532	16,544	663,765
Other Financing Uses:					
Interfund transfer	15,000	34,000	33,834	-	166
Total expenditures and other uses	8,495,998	8,527,841	7,847,366	\$ 16,544	\$ 663,931
Net change in fund balance	(830,182)	(830,182)	(14,139)		
Fund balance - beginning	3,687,061	3,687,061	3,687,061		
Fund balance - ending	\$ 2,856,879	\$ 2,856,879	\$ 3,672,922		

See Independent Auditor's Report.

WILLSBORO CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2018

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Overexpended) Unexpended Balance	Methods of Financing			Fund Balance June 30, 2018	
							Proceeds of Obligations	State Aid	Local Sources		
Buses 6/30/15	\$ 130,513	\$ 130,513	\$ 130,513	\$ -	\$ 130,513	\$ -	\$ -	\$ -	\$ 77,377	\$ 77,377	\$ (53,136)
Buses 6/30/17	116,312	116,312	116,312	-	116,312	-	-	-	23,413	23,413	(92,899)
Buses 6/30/18	77,500	77,500	-	73,333	73,333	-	-	-	-	-	(73,333)
Smart Schools	66,623	66,623	-	66,623	66,623	-	66,623	-	-	66,623	-
Total Buses	\$ 390,948	\$ 390,948	\$ 246,825	\$ 139,956	\$ 386,781	\$ -	\$ -	\$ 66,623	\$ 100,790	\$ 167,413	\$ (219,368)

See Independent Auditor's Report.

WILLSBORO CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS
Year Ended June 30, 2018

Capital Assets, Net	\$ 8,473,658
Add:	
Deferred interest from bond refunding, net	127,368
Deduct:	
Bond anticipation notes	(223,636)
Short-term portion of bonds payable	(465,000)
Long-term portion of bonds payable	(6,000,000)
Less: unspent bond proceeds	4,268
Net investment in capital assets	<u>\$ 1,916,658</u>

WILSBORO CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Year Ended June 30, 2018**

	<u>2018</u>
Measurement Date	July 1, 2017
Total OPEB Liability:	
Service Cost	\$ 721,435
Interest	653,711
Changes in benefit terms	(257,648)
Differences between expected and actual experience in the Measurement of the total OPEB liability	(155,828)
Changes of assumption or other inputs	(3,174,469)
Benefit payments	<u>(420,498)</u>
Net change in total OPEB liability	(2,633,297)
Total OPEB liability - beginning	<u>22,426,026</u>
Total OPEB liability - Ending	<u><u>\$ 19,792,729</u></u>
Covered payroll	<u><u>\$ 3,547,308</u></u>
Total OPEB liability as a percentage of covered payroll	558%

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

WILLSBORO CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2018

NYSERS Pension Plan
 Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0018766%	0.0018136%	0.0020480%	0.0022604%						
District's proportionate share of the net pension liability (asset)	\$ 60,567	\$ 170,413	\$ 328,715	\$ 76,361						
District's covered- employee payroll	\$ 688,772	\$ 663,661	\$ 589,064	\$ 597,581						
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.79%	25.68%	55.80%	12.78%						
Plan fiduciary net position as a percentage of the total pension liability	98.24%	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, 2018

NYSERS Pension Plan
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 96,101	\$ 92,075	\$ 112,806	\$ 113,828	\$ 127,701	\$ 113,237	\$ 91,353	\$ 66,103	\$ 37,089	\$ 44,104
Contributions in relation to the contractually required contribution	\$ 96,101	\$ 92,075	\$ 112,806	\$ 113,828	\$ 127,701	\$ 113,237	\$ 91,353	\$ 66,103	\$ 37,089	\$ 44,104
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 688,772	\$ 663,661	\$ 589,064	\$ 597,581						
Contributions as a percentage of covered employee payroll	13.95%	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, 2018

NYSTRS Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.016860%	0.016683%	0.016880%	0.016803%	0.016602%					
District's proportionate share of the net pension liability (asset)	\$ (128,151)	\$ 178,680	\$ (1,753,281)	\$ (1,871,733)	\$ (109,281)					
District's covered- employee payroll	\$ 2,743,360	\$ 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	-4.67%	6.69%	-68.11%	-75.41%						
Plan fiduciary net position as a percentage of the total pension liability	100.66%	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, 2018

NYSTRS Pension Plan
 Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 313,126	\$ 341,356	\$ 444,488	\$ 403,332	\$ 287,926	\$ 292,542	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ 313,126	\$ 341,356	\$ 444,488	\$ 403,332	\$ 287,926	\$ 292,542	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 2,743,360	\$ 2,671,721	\$ 2,574,327	\$ 2,482,043						
Contributions as a percentage of covered employee payroll	11.41%	12.78%	17.27%							

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

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, 2018, 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 20, 2018.

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 18-1.

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 18-1.

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 20, 2018

**WILLSBORO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

FINANCIAL STATEMENTS

Significant Deficiency

18-1 Excess Fund Balance

Condition: The District's unassigned general fund balance was 14.67% of next year's budget.

Effect: The District's unassigned general fund balance was 10.67%, or \$988,107, 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. Willsboro Central School has a working plan to keep a balance between maintaining our current tax rate and reducing our unassigned fund balance for future budgets to support our ongoing educational programs. The District continues to budget within the state mandated tax thresholds. We anticipate potential future expenses including the building of a new transportation facility, energy performance contract, and negotiations with our teaching and support staff. As state aid continues to be an uncertainty, the District has allowed for stabilization within the unpredictable state aid systems.

BOULRICE & WOOD CPAS, P.C.

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, 2018, 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

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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, 2018, 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 20, 2018

**WILLSBORO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**BALANCE SHEETS
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 50,834	\$ 51,352
Total Assets	<u>\$ 50,834</u>	<u>\$ 51,352</u>
FUND BALANCE		
Extraclassroom Activity	\$ 50,834	\$ 51,352
Total Fund Balance	<u>\$ 50,834</u>	<u>\$ 51,352</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, 2018**

Activity	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
Class of 2018	\$ 11,938	\$ 10,275	\$ 21,977	\$ 236
Class of 2019	6,438	12,103	10,277	8,264
Class of 2020	2,021	7,802	3,736	6,087
Class of 2021	-	5,588	419	5,169
Band Boosters	199	916	629	486
Drama Club	10,898	13,958	14,442	10,414
Student Council	6,393	780	1,786	5,387
French Club	1,517	1,503	967	2,053
Key Club	746	3,360	3,520	586
CFES	1,863	1,899	1,403	2,359
JNHS	668	927	846	749
NHS	4,402	1,075	1,345	4,132
Spanish Club	3,090	531	1,063	2,558
Yearbook	1,007	6,106	4,959	2,154
Interest Income	172	28	-	200
	<u>\$ 51,352</u>	<u>\$ 66,851</u>	<u>\$ 67,369</u>	<u>\$ 50,834</u>

See Notes to the Financial Statements – Extraclassroom Activity Fund

WILLSBORO CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS**

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.