

**WILLSBORO CENTRAL  
SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2019 AND 2018**

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

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## ***Certified Public Accountants***

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

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

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

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Willsboro Central School District, as of and for the year ended June 30, 2019, 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 2018 financial statements, and in our report dated September 20, 2018, 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, 2019, 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 12), budgetary comparison information (pages 54 & 55), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 58) 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 59-62) 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 Adopted 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 Adopted 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 18, 2019 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 18, 2019

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, 2019. 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 2018-2019**

- Net position for the general fund decreased \$28,005.
- Net position for the cafeteria fund increased \$430.

### **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, 2019</u>	<u>June 30, 2018</u>
Current and Other Assets	\$ 4,342,177	\$ 4,346,989
Capital Assets	9,677,361	8,473,658
Total Assets	<u>14,019,538</u>	<u>12,820,647</u>
Deferred Outflow of Resources		
Unamortized Defeasance Loss	115,789	127,368
OPEB (GASB75)	504,280	454,500
Pensions	1,721,568	1,906,242
Total Assets and Deferred Outflow of Resources	<u>\$ 16,361,175</u>	<u>\$ 15,308,757</u>
Long-Term Liabilities	\$ 27,611,007	\$ 26,505,382
Other Liabilities	586,821	547,305
Total Liabilities	<u>28,197,828</u>	<u>27,052,687</u>
Deferred Inflow of Resources		
OPEB (GASB 75)	2,774,151	2,704,301
Pensions	439,285	564,678
	<u>3,213,436</u>	<u>3,268,979</u>
Net Assets		
Net Invested in Capital Assets	\$ 2,137,563	\$ 1,916,658
Restricted	1,166,469	1,401,183
Unrestricted	(18,354,121)	(18,330,750)
Total Net Assets	<u>(15,050,089)</u>	<u>(15,012,909)</u>
Total Liabilities, Deferred Inflow of Resources and Net Assets	<u>\$ 16,361,175</u>	<u>\$ 15,308,757</u>

The Statement of Net Position includes all of the District's assets and liabilities. The largest portion of the District's assets is the investment in capital assets (land, building, equipment), less the outstanding balance of bonds used to acquire, construct, and improve the assets. These assets are used to provide educational services to students; therefore, they are not

available for future spending. Although the investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from the general fund budget. These assets are not to be liquidated to pay any of the debt. Investment in capital assets increased 11.5% from 2017-2018 to 2018-2019. This is primarily from the payment of outstanding debt and the completion of the Energy Performance Contract.

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 \$23,371 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)

	June 30, 2019	June 30, 2018
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 49,836	\$ 36,877
Operating grants	319,385	310,094
Total program revenues	<u>369,221</u>	<u>346,971</u>
General Revenues:		
Property Taxes	5,271,620	5,160,136
State Aid	2,414,141	2,476,380
Federal Aid	49,351	22,966
Use of Money and Property	7,403	7,688
Charges for services	83,772	128,153
Compensation for loss	8,893	1,822
Miscellaneous	156,831	103,158
Total general revenues	<u>7,992,011</u>	<u>7,900,303</u>
<b>Total Revenues:</b>	<u>8,361,232</u>	<u>8,247,274</u>
<b>Expenses:</b>		
General Government Support	1,086,290	1,135,486
Instruction	4,291,843	4,140,694
Pupil Transportation	298,521	327,321
Employee Benefits	2,311,877	2,118,524
Debt Service – Interest	347,401	325,471
Cost of Sales – food	62,480	39,723
<b>Total Expenses:</b>	<u>8,398,412</u>	<u>8,087,219</u>
Increase (Decrease) in Net Position:	<u>\$ (37,180)</u>	<u>\$ 160,055</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 \$5,271,620. 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, \$4,291,843 and employee benefits, \$2,311,877. The District has an decrease in net position of \$37,180.

The total increase in expenses was 3.85%. However, the largest percentage increase was to Employee benefits, which was 9.13%.

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 0.8% from 2017-2018 to 2018-2019.

Cafeteria Fund (listed under Special Revenue). The fund balance is currently \$3,581, \$430 above the prior year. This fund experienced a decrease of \$19,735 in employee benefits. The cost of food and supplies increased by \$22,757. Sales rose slightly. The District transferred \$25,770 into the Cafeteria Fund to supplement the shortage experienced by the cafeteria.

Debt Service Fund. The existing fund balance of \$214,883 was transferred to the General Fund.

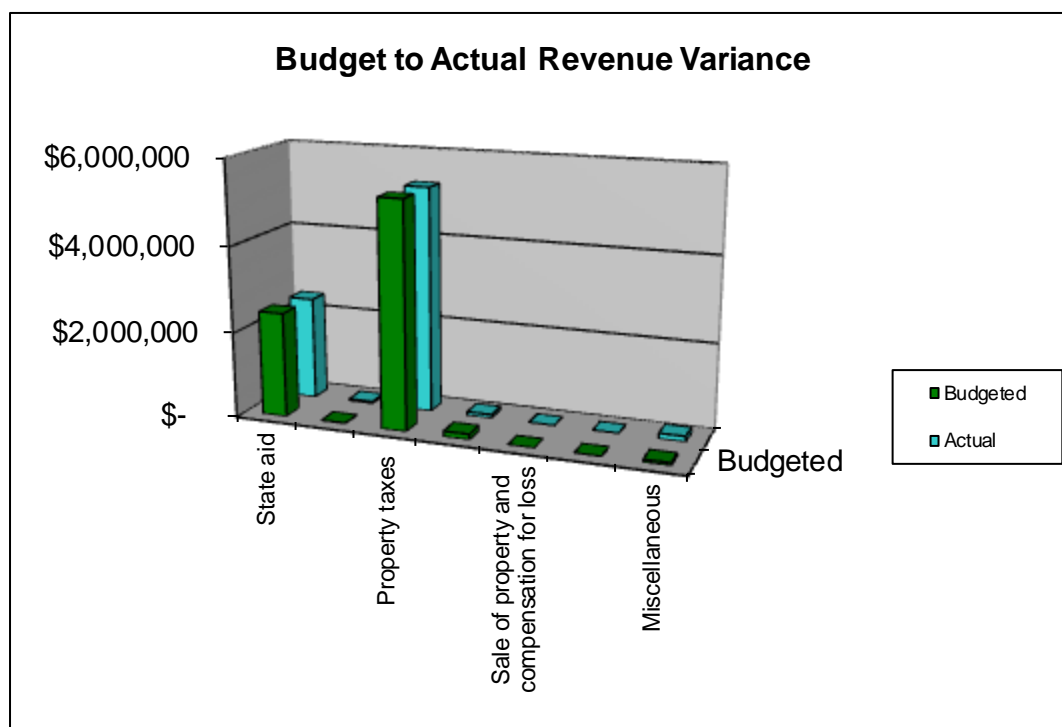
*Fiduciary Funds.* The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom 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 2018-2019 school year the original budget increased \$16,544. The increase was from prior year encumbrances.

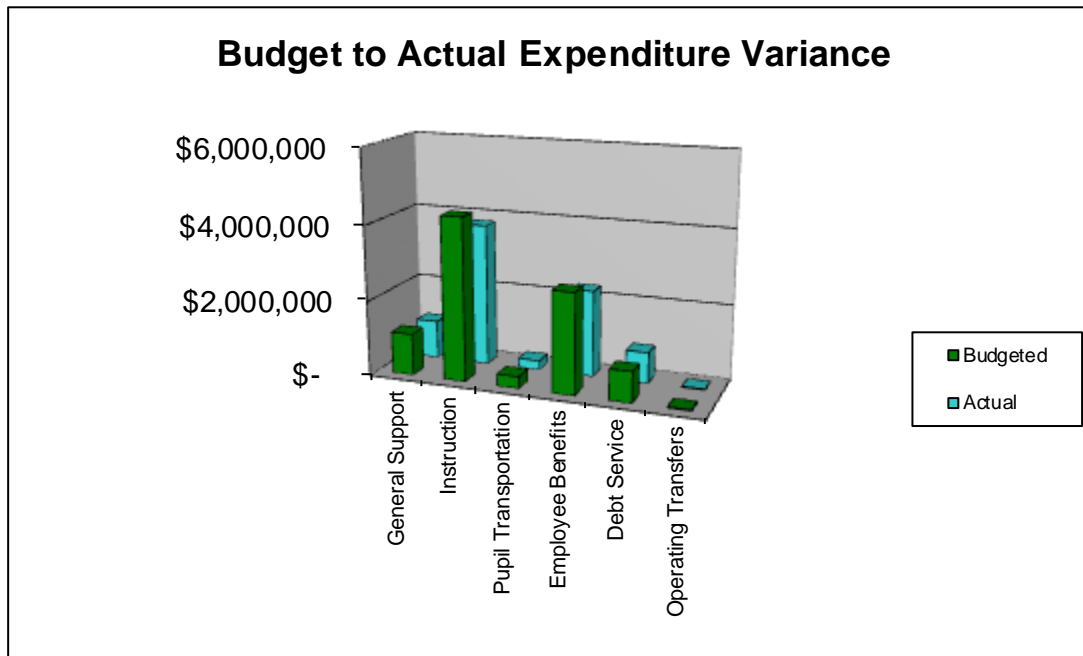
The budget increased from 2017-2018 to 2018-2019, \$8,495,998 to \$9,259,356.

General fund actual revenues exceeded the budget by \$28,103. The largest portion of the excess came from miscellaneous revenue \$63,047.



	Budgeted	Actual	Variance
State aid	\$ 2,449,494	\$ 2,414,141	\$ (35,353)
Federal sources	15,000	49,351	34,351
Property taxes	5,271,570	5,271,620	50
Charges for services	127,000	83,772	(43,228)
Sale of property and compensation for loss	-	8,893	8,893
Use of money and property	7,000	7,343	343
Miscellaneous	63,000	126,047	63,047
	<u>\$ 7,933,064</u>	<u>\$ 7,961,167</u>	<u>\$ 28,103</u>

General fund actual expenditures were less than budgeted by \$1,071,845.



	Budgeted	Actual	Variance
General Support	\$ 1,108,486	\$ 1,019,143	\$ (89,343)
Instruction	4,322,504	3,789,468	(533,036)
Pupil Transportation	316,510	246,262	(70,248)
Employee Benefits	2,673,102	2,295,104	(377,998)
Debt Service	822,298	822,248	(50)
Operating Transfers	33,000	31,830	(1,170)
	<u>\$ 9,275,900</u>	<u>\$ 8,204,055</u>	<u>\$ (1,071,845)</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

The District's capital assets as of June 30, 2019, are as follows:

	2019	2018
Non-Depreciable Assets:		
Land	\$ 236,016	\$ 236,016
Depreciable Assets:		
Building and Improvements	9,141,332	7,876,733
Furniture, Machinery, and Equipment	300,013	360,909
TOTAL	<u>\$ 9,677,361</u>	<u>\$ 8,473,658</u>

### Debt

The District's total outstanding debt, as of June 30, 2019, was \$7,500,719 with \$520,719 due within one year.

#### OUTSTANDING DEBT

	Beginning	Ending
Serial bonds	\$ 6,465,000	\$ 6,000,000
Energy Performance Contract	-	1,500,719
	<u>\$ 6,465,000</u>	<u>\$ 7,500,719</u>

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 \$44,974,865, which is significantly greater than the outstanding debt.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District faces the following existing circumstances that could significantly affect its financial health in the future:

- The State's financial health and the impact this condition will have on state aid.
- Recent District trend of decreasing enrollment.
- Escalating cost of health insurance premiums.
- Anticipated decline in the local economic development within our district.

### **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, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
Cash:		
Unrestricted	\$ 2,599,347	\$ 2,579,570
Restricted	1,170,787	1,405,501
Receivables:		
Accounts receivable	30,706	-
State and federal aid	92,035	113,138
Due from other governments	136,460	111,948
Due from fiduciary funds	7	6
Inventories	2,434	3,151
Deposit, electric reserve	5,601	5,524
Capital assets, net of accumulated depreciation	9,677,361	8,473,658
Net pension asset-proportionate share	304,800	128,151
<b>Total Assets</b>	<b>14,019,538</b>	<b>12,820,647</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized defeasance loss	115,789	127,368
OPEB (GASB 75)	504,280	454,500
Pensions	1,721,568	1,906,242
<b>Total Deferred Outflows of Resources</b>	<b>2,341,637</b>	<b>2,488,110</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 16,361,175</b>	<b>\$ 15,308,757</b>
<b>LIABILITIES</b>		
Payables:		
Accounts payable	\$ 106,891	\$ 16,919
Bond anticipation notes	159,136	223,636
Due to other governments	292	97
Due to teacher's retirement system	295,577	281,085
Due to employee's retirement system	24,925	25,568
Long-term liabilities		
Due and payable within one year:		
Bonds payable and long-term debt, current	520,719	465,000
Due and payable after one year		
Bonds payable and long-term debt, non-current	6,980,000	6,000,000
Compensated absences payable	167,917	187,086
Other post employment benefits	19,811,031	19,792,729
Net pension liability- proportionate share	131,340	60,567
<b>Total Liabilities</b>	<b>28,197,828</b>	<b>27,052,687</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB (GASB 75)	2,774,151	2,704,301
Pensions	439,285	564,678
<b>Total Deferred Inflows of Resources</b>	<b>3,213,436</b>	<b>3,268,979</b>
<b>NET POSITION</b>		
Net investment in capital assets	2,137,563	1,916,658
Restricted	1,166,469	1,401,183
Unrestricted	(18,354,121)	(18,330,750)
<b>Total Net Position</b>	<b>(15,050,089)</b>	<b>(15,012,909)</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 16,361,175</b>	<b>\$ 15,308,757</b>

See Notes to the Financial Statements.

## WILLSBORO CENTRAL SCHOOL DISTRICT

## EXHIBIT 2

## STATEMENT OF ACTIVITIES

Years Ended June 30, 2019 and 2018

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES			2019	2018
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
General support	\$ (1,086,290)	\$ -	\$ -	\$ (1,086,290)	\$ (1,135,486)
Instruction	(4,291,843)	-	236,210	(4,055,633)	(3,923,290)
Pupil transportation	(298,521)	-	-	(298,521)	(327,321)
Employee benefits	(2,311,877)	-	-	(2,311,877)	(2,118,524)
Debt service	(347,401)	-	-	(347,401)	(325,471)
School Lunch Program	(62,480)	49,836	83,175	70,531	89,844
<b>Total Functions and Programs</b>	<u>\$ (8,398,412)</u>	<u>\$ 49,836</u>	<u>\$ 319,385</u>	<u>(8,029,191)</u>	<u>(7,740,248)</u>
<b>GENERAL REVENUES</b>					
Real property taxes				5,271,620	5,160,136
Charges for Services				83,772	128,153
Use of money and property				7,403	7,688
Sale of property and compensation for loss				8,893	1,822
Miscellaneous				156,831	103,158
State sources				2,414,141	2,476,380
Federal sources				49,351	22,966
<b>Total General Revenues</b>				<u>7,992,011</u>	<u>7,900,303</u>
<b>Change in Net Position</b>				(37,180)	160,055
<b>Total Net Position - Beginning of Year</b>				(15,012,909)	(15,097,737)
<b>Prior period adjustment</b>				-	(75,227)
<b>Total Net Position - End of Year</b>				<u>\$ (15,050,089)</u>	<u>\$ (15,012,909)</u>

See Notes to the Financial Statements.



## WILLSBORO CENTRAL SCHOOL DISTRICT

## EXHIBIT 3

BALANCE SHEET-GOVERNMENTAL FUNDS  
June 30, 2019 and 2018

	General Fund	Special Revenue	Debt Service	Capital Projects	2019 TOTAL	2018 TOTAL
<b>ASSETS</b>						
Unrestricted cash	\$ 2,585,259	\$ 14,088	\$ -	\$ -	\$ 2,599,347	\$ 2,579,570
Restricted cash	1,166,469	-	-	4,318	1,170,787	1,405,501
Accounts receivable	-	5	-	30,701	30,706	-
Due from other funds	45,781	-	-	-	45,781	62,561
State and federal aid receivable	58,943	33,092	-	-	92,035	113,138
Due from other governments	136,460	-	-	-	136,460	111,948
Inventories	-	2,434	-	-	2,434	3,151
Deposit, electric reserve	5,601	-	-	-	5,601	5,524
<b>Total Assets</b>	<b>\$ 3,998,513</b>	<b>\$ 49,619</b>	<b>\$ -</b>	<b>\$ 35,019</b>	<b>\$ 4,083,151</b>	<b>\$ 4,281,393</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 33,094	\$ 22	\$ -	\$ 30,701	\$ 63,817	\$ 16,919
Bond anticipation notes payable	-	-	-	159,136	159,136	223,636
Due to other governments	-	292	-	-	292	97
Due to other funds	-	45,724	-	50	45,774	62,555
Due to teachers' retirement system	295,577	-	-	-	295,577	281,085
Due to employees' retirement system	24,925	-	-	-	24,925	25,568
<b>Total Liabilities</b>	<b>353,596</b>	<b>46,038</b>	<b>-</b>	<b>189,887</b>	<b>589,521</b>	<b>609,860</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	-	2,434	-	-	2,434	3,151
Restricted						
Capital reserve	478,317	-	-	-	478,317	477,600
Tax certiorari	28,781	-	-	-	28,781	28,738
Unemployment Insurance	14,977	-	-	-	14,977	16,889
Employee benefits & accrued liabilities	520,288	-	-	-	520,288	539,146
Retirement reserve - ERS	124,106	-	-	-	124,106	123,982
Retirement of long term debt	-	-	-	-	-	214,828
Assigned						
School lunch	-	1,147	-	-	1,147	-
Appropriated fund balance	1,512,975	-	-	-	1,512,975	1,111,542
Encumbrances (Note 10)	44,047	-	-	-	44,047	16,544
Unassigned	921,426	-	-	(154,868)	766,558	1,139,113
<b>Total Fund Balances</b>	<b>3,644,917</b>	<b>3,581</b>	<b>-</b>	<b>(154,868)</b>	<b>3,493,630</b>	<b>3,671,533</b>
<b>Total Liabilities, Fund Balances and Deferred Inflows of Resources</b>	<b>\$ 3,998,513</b>	<b>\$ 49,619</b>	<b>\$ -</b>	<b>\$ 35,019</b>	<b>\$ 4,083,151</b>	<b>\$ 4,281,393</b>

See Notes to the Financial Statements.

## WILLSBORO CENTRAL SCHOOL DISTRICT

## EXHIBIT 4

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Years Ended June 30, 2019 and 2018**

	General	Special Revenue	Debt Service	Capital Projects	2019 Total	2018 Total
<b>REVENUES</b>						
Real property taxes	\$ 5,271,620	\$ -	\$ -	\$ -	\$ 5,271,620	\$ 5,160,136
Charges for services	83,772	-	-	-	83,772	128,153
Use of money and property	7,343	5	55	-	7,403	7,688
Sale of property and compensation for loss	8,893	-	-	-	8,893	1,822
Miscellaneous	126,047	83	-	30,701	156,831	103,158
State sources	2,414,141	51,942	-	-	2,466,083	2,532,461
Federal sources	49,351	267,443	-	-	316,794	276,979
Sales	-	49,836	-	-	49,836	36,877
<b>Total Revenues</b>	<b>7,961,167</b>	<b>369,309</b>	<b>55</b>	<b>30,701</b>	<b>8,361,232</b>	<b>8,247,274</b>
<b>EXPENDITURES</b>						
General support	1,019,143	61,106	-	-	1,080,249	1,136,286
Instruction	3,789,468	224,561	-	-	4,014,029	3,873,491
Pupil transportation	246,262	8,397	-	-	254,659	260,367
Employee benefits	2,295,104	44,165	-	-	2,339,269	2,073,643
Debt service	822,248	-	-	-	822,248	813,305
Cost of sales	-	62,480	-	-	62,480	39,723
Capital outlay	-	-	-	1,531,420	1,531,420	139,956
<b>Total Expenditures</b>	<b>8,172,225</b>	<b>400,709</b>	<b>-</b>	<b>1,531,420</b>	<b>10,104,354</b>	<b>8,336,771</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(211,058)</b>	<b>(31,400)</b>	<b>55</b>	<b>(1,500,719)</b>	<b>(1,743,122)</b>	<b>(89,497)</b>
<b>OTHER SOURCES AND USES</b>						
Proceeds of Debt (energy performance contract)	-	-	-	1,500,719	1,500,719	-
BAN's redeemed from appropriations	-	-	-	64,500	64,500	49,413
Operating transfers in	214,883	31,830	-	-	246,713	33,834
Operating transfers (out)	(31,830)	-	(214,883)	-	(246,713)	(33,834)
<b>Total Other Sources and Uses</b>	<b>183,053</b>	<b>31,830</b>	<b>(214,883)</b>	<b>1,565,219</b>	<b>1,565,219</b>	<b>49,413</b>
<b>Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses</b>	<b>(28,005)</b>	<b>430</b>	<b>(214,828)</b>	<b>64,500</b>	<b>(177,903)</b>	<b>(40,084)</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,672,922</b>	<b>3,151</b>	<b>214,828</b>	<b>(219,368)</b>	<b>3,671,533</b>	<b>3,711,617</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,644,917</b>	<b>\$ 3,581</b>	<b>\$ -</b>	<b>\$ (154,868)</b>	<b>\$ 3,493,630</b>	<b>\$ 3,671,533</b>

See Notes to the Financial Statements.

## WILLSBORO CENTRAL SCHOOL DISTRICT

## EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2019 and 2018

			<u>2019</u>	<u>2018</u>
	<b>Private Purpose Trust</b>	<b>Agency</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
Cash	\$ 46,359	\$ 64,194	\$ 110,553	\$ 116,667
<b>Total Assets</b>	<u>\$ 46,359</u>	<u>\$ 64,194</u>	<u>\$ 110,553</u>	<u>\$ 116,667</u>
<b>LIABILITIES</b>				
Extra classroom activity balance	\$ -	\$ 50,272	\$ 50,272	\$ 50,834
Due to other funds	-	7	7	6
Other liabilities	-	13,915	13,915	15,423
<b>Total Liabilities</b>	<u>-</u>	<u>64,194</u>	<u>64,194</u>	<u>66,263</u>
<b>NET POSITION</b>				
Reserved for scholarships	<u>46,359</u>	<u>-</u>	<u>46,359</u>	<u>50,404</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 46,359</u>	<u>\$ 64,194</u>	<u>\$ 110,553</u>	<u>\$ 116,667</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
	<u>Private Purpose Trust</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>		
Gifts and contributions	\$ -	\$ 10,212
Investment earnings	<u>130</u>	<u>111</u>
<b>Total Additions</b>	<u>130</u>	<u>10,323</u>
<b>Deductions</b>		
Scholarships and awards	<u>4,175</u>	<u>4,500</u>
<b>Total Deductions</b>	<u>4,175</u>	<u>4,500</u>
<b>Changes in Net Position</b>	<b>(4,045)</b>	5,823
<b>Net Position, Beginning of Year</b>	<u>50,404</u>	<u>44,581</u>
<b>Net Position, End of Year</b>	<u><u>\$ 46,359</u></u>	<u><u>\$ 50,404</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, 2019

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
<b>ASSETS</b>				
Unrestricted cash	\$ 2,599,347	\$ -	\$ -	\$ 2,599,347
Restricted cash	1,170,787	-	-	1,170,787
Accounts receivable	30,706	-	-	30,706
Due from other funds	45,781	-	(45,774)	7
State and federal aid receivable	92,035	-	-	92,035
Due from other governments	136,460	-	-	136,460
Inventories	2,434	-	-	2,434
Deposit, electric reserve	5,601	-	-	5,601
Fixed assets	-	9,677,361	-	9,677,361
Net pension asset- proportionate share	-	304,800	-	304,800
<b>Total Assets</b>	<b>4,083,151</b>	<b>9,982,161</b>	<b>(45,774)</b>	<b>14,019,538</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Unamortized defeasance loss	-	115,789	-	115,789
OPEB (GASB 75)	-	504,280	-	504,280
Pensions	-	1,721,568	-	1,721,568
<b>Total Assets and Deferred Outflow of</b>	<b>\$ 4,083,151</b>	<b>\$ 12,323,798</b>	<b>\$ (45,774)</b>	<b>\$ 16,361,175</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 63,817	\$ 43,074	\$ -	\$ 106,891
Bond anticipation notes payable	159,136	-	-	159,136
Due to other funds	45,774	-	(45,774)	-
Due to other governments	292	-	-	292
Due to teacher's retirement system	295,577	-	-	295,577
Due to employee's retirement system	24,925	-	-	24,925
Bonds payable and other long-term debt	-	7,500,719	-	7,500,719
Compensated absences	-	167,917	-	167,917
Other post employment benefits	-	19,811,031	-	19,811,031
Net pension liability- proportionate share	-	131,340	-	131,340
<b>Total Liabilities</b>	<b>589,521</b>	<b>27,654,081</b>	<b>(45,774)</b>	<b>28,197,828</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB (GASB 75)	-	2,774,151	-	2,774,151
Pensions	-	439,285	-	439,285
<b>Total deferred Inflow of Resources</b>	<b>-</b>	<b>3,213,436</b>	<b>-</b>	<b>3,213,436</b>
<b>FUND BALANCE/NET POSITION</b>				
<b>Total Fund Balance/Net Position</b>	<b>3,493,630</b>	<b>(18,543,719)</b>	<b>-</b>	<b>(15,050,089)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 4,083,151</b>	<b>\$ 12,323,798</b>	<b>\$ (45,774)</b>	<b>\$ 16,361,175</b>

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, 2019**

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
<b>REVENUES</b>						
Real property taxes	\$ 5,271,620	\$ -	\$ -	\$ -	\$ -	\$ 5,271,620
Charges for services	83,772	-	-	-	-	83,772
Use of money and property	7,403	-	-	-	-	7,403
Sale of property and compensation for loss	8,893	-	-	-	-	8,893
Miscellaneous	156,831	-	-	-	-	156,831
State sources	2,466,083	-	-	-	-	2,466,083
Federal sources	316,794	-	-	-	-	316,794
Sales	49,836	-	-	-	-	49,836
<b>Total Revenues</b>	<b>8,361,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,361,232</b>
<b>EXPENDITURES</b>						
General support	1,080,249	-	6,041	-	-	1,086,290
Instruction	4,014,029	-	277,814	-	-	4,291,843
Pupil transportation	254,659	-	43,862	-	-	298,521
Employee benefits	2,339,269	(27,392)	-	-	-	2,311,877
Debt service	822,248	-	-	(410,347)	(64,500)	347,401
Cost of sales	62,480	-	-	-	-	62,480
Capital outlay	1,531,420	-	(1,531,420)	-	-	-
<b>Total Expenditures</b>	<b>10,104,354</b>	<b>(27,392)</b>	<b>(1,203,703)</b>	<b>(410,347)</b>	<b>(64,500)</b>	<b>8,398,412</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(1,743,122)</b>	<b>27,392</b>	<b>1,203,703</b>	<b>410,347</b>	<b>64,500</b>	<b>(37,180)</b>
<b>OTHER SOURCES AND USES</b>						
Proceeds of Debt (energy performance contract)	1,500,719	-	-	-	(1,500,719)	-
BAN's redeemed from appropriations	64,500	-	-	-	(64,500)	-
Operating transfers in	246,713	-	-	-	(246,713)	-
Operating transfers out	(246,713)	-	-	-	246,713	-
<b>Total Other Sources and Uses</b>	<b>1,565,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,565,219)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ (177,903)</b>	<b>\$ 27,392</b>	<b>\$ 1,203,703</b>	<b>\$ 410,347</b>	<b>\$ (1,500,719)</b>	<b>\$ (37,180)</b>

See Notes to the Financial Statements.

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

##### A. Reporting entity

The Willsboro Central School District (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, 2019

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

##### 2. Fund Functional Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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

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

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

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

- a. 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, 2019**

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

**E. Capital assets**

Acquisitions of equipment and capital facilities are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. 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, 2019**

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

**I. Budgetary Procedures and Budgetary Accounting**

**1) General**

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

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

**2) Encumbrances**

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

**J. Equity Classifications:**

District- wide statements:

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

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

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

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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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

Fund statements:

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

**Non-spendable** fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$2,434.

**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, 2019

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

Unemployment Insurance

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

Capital Reserve

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

Encumbrances

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

**Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2019.

**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 \$44,047.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**Unassigned** – Includes all other General Fund net position amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

**Order of Use of Fund Balance:**

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

- K. Reclassifications: Certain amounts in the 2018 financial statements may have been reclassified to conform to the 2019 presentation.
- L. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2019 and September 18, 2019, 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, 2019

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

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

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

- 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, 2019:

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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#### **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)	\$	3,493,630
Capital assets net of related depreciation		9,677,361
Net pension asset		304,800
Deferred outflows:		
Deferred interest from bond refunding, net		115,789
Pensions - TRS		1,587,869
Pensions - ERS		133,699
OPEB (GASB 75)		504,280



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

Liabilities, long term

Bonds payable	(7,500,719)
Accrued interest	(43,074)
Other post employment benefits	(19,811,031)
Compensated absences	(167,917)
Net pension liability	(131,340)

Deferred inflows: Pensions - TRS	(390,804)
Pensions - ERS	(48,481)
OPEB (GASB 75)	<u>(2,774,151)</u>

Ending net position reported on Statement of Net Position (Exhibit 1)	<u><u>\$ (15,050,089)</u></u>
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**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, 2019

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**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)	\$ 8,361,232
No current year changes	<u>-</u>
Total revenues of governmental activities in the Statement of Activities (Exhibit 2)	<u><u>\$ 8,361,232</u></u>

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 10,104,354
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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.

(19,169)

# WILLSBORO CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### 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 capital expenditures exceeded depreciation expense in the current year. (Exhibit 8)	(1,203,703)
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)	(465,000)
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)	(64,500)
Amortization of deferred interest	43,074
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.	38,372
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	(50,725)
Employees' Retirement System	4,130
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	<u>\$ 8,398,412</u>
<u>Other Sources and Uses</u>	
Total other sources and uses in governmental funds (Exhibit 4)	\$ 1,565,219
Proceeds from long term debt are other sources of income in the Capital Projects Fund, but are removed from the Statement of Activities and shown as a long term liability on the Statement of Net Position	(1,500,719)
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)	(64,500)
Total other sources and uses in the Statement of Activities (Exhibit 2)	<u>\$ -</u>

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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#### Note 3. Cash and Investments

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

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

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

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

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash was \$1,170,787 at June 30, 2019.

#### Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2019 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 45,781	\$ -	\$ -	\$ 31,830
School Lunch	-	5,438	25,770	-
Special Aid	-	40,286	6,060	-
Capital Fund	-	50	-	-
Trust & Agency	-	7	-	-
Total	\$ 45,781	\$ 45,781	\$ 31,830	\$ 31,830

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, 2019**

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

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

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

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

**Note 5. Capital Assets**

A summary of changes in capital assets follows:

Capital Assets

	6/30/2018 Balance	Additions	Retirements/ Reclassifications	6/30/2019 Balance
Capital assets that are not depreciated:				
Land	\$ 236,016	\$ -	\$ -	\$ 236,016
Construction work in process	-	1,531,420	(1,531,420)	-
Total non-depreciable historical cost	236,016	1,531,420	(1,531,420)	236,016
Capital assets that are depreciated:				
Buildings	12,375,327	1,531,420	-	13,906,747
Furniture and equipment	1,175,196	-	(49,000)	1,126,196
Total depreciable historical cost	13,550,523	1,531,420	(49,000)	15,032,943
Less accumulated depreciation:				
Buildings	4,498,594	266,821	-	4,765,415
Furniture and equipment	814,287	60,896	(49,000)	826,183
Total accumulated depreciation	5,312,881	327,717	(49,000)	5,591,598
Total depreciable historical cost, net	8,237,642	1,203,703	-	9,441,345
Total Net Assets	\$ 8,473,658	\$ 2,735,123	\$ (1,531,420)	\$ 9,677,361

Depreciation was charged to governmental functions as follows:

	6/30/2019
General Support	\$ 6,041
Instructions	277,814
Pupil Transportation	43,862
	<u>\$ 327,717</u>

# WILLSBORO CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### Note 6. Compensated Absences

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

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

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

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

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

### Note 7. Indebtedness

#### Short-Term Debt:

Description of Issue	Issue Date	Maturity	Interest Rate	Outstanding 6/30/2019
Bond Anticipation Note	7/31/2018	7/31/2019	2.27%	<u>\$ 159,136</u>

The following is a summary of changes in short-term debt:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Bond Anticipation Notes	<u>\$ 223,636</u>	<u>\$ 159,136</u>	<u>\$ (223,636)</u>	<u>\$ 159,136</u>

Interest expense paid on short-term debt for the year ended June 30, 2019 is \$4,473.

#### Long-Term Debt:

##### a. Long-Term Debt Interest

Interest expense paid was \$288,275 for the year ended June 30, 2019. Amortization of deferred interest from bond refunding was \$11,579 and accrued interest on the energy performance contract was \$43,074 resulting in net interest expense of \$342,928.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 7. Indebtedness (continued)**

b. Changes

The changes in the District's long-term indebtedness during the year ended June 30, 2019 are summarized as follows:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Bonds:				
Serial Bonds 2011	\$ 6,465,000	\$ -	\$ 465,000	\$ 6,000,000
Other Liabilities:				
Lease-purchase Obligations	-	1,500,719	-	1,500,719
Compensated Absences	187,086	-	19,169	167,917
Other post employment benefits	19,792,729	18,302	-	19,811,031
	19,979,815	1,519,021	19,169	21,479,667
Grand Total Long-term Debt	\$ 19,979,815	\$ 1,519,021	\$ 19,169	\$ 21,479,667

c. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2019
Serial Bond 2011	4/19/2011	6/15/2029	4.0% - 5.0%	\$ 6,000,000

The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30:	Principal	Interest	Total
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	585,000	170,775	755,775
2025-2029	3,310,000	456,575	3,766,575
	\$ 6,000,000	\$ 1,540,850	\$ 7,540,850

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.

**WILLSBORO CENTRAL SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019****Note 7. Indebtedness (continued)**

Accordingly the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

Lease-purchase obligations are as follows:

Description of Issue	Issue Date	Maturity Date	Interest Rate	Outstanding at 6/30/19
Energy performance contract	8/16/2018	6/15/2034	3.59%	<b>\$ 1,500,719</b>

**Fiscal Year Ending June 30:**

2020		\$ 128,829
2021		132,763
2022		139,891
2023		136,661
2024		138,430
2025-2029		679,390
2030-2034		666,402
Total minimum lease payments		2,022,366
Less amount representing interest		(521,647)
Present value of minimum lease payments		1,500,719
Less current portion		(30,719)
Long-term portion		<b>\$ 1,470,000</b>

**Note 8. Pension Plans**General Information

The District participates in the New York Teachers' retirement System (TRS) and 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



## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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#### Note 8. Pensions (continued)

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.nysstrs.org](http://www.nysstrs.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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

#### 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
2019	\$ 99,239	\$ 281,085
2018	\$ 96,101	\$ 320,811
2017	\$ 92,075	\$ 350,428

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 8. Pensions (continued)**

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, 2019 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, 2019 for ERS and June 30, 2018 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
Measurement Date	3/31/2019	6/30/2018
Net Pension asset/(liability)	\$ (131,340)	\$ 304,800
District's portion of the Plan's total net pension asset/(liability)	-0.0018537%	0.016856%
Change in proportion since the prior measurement date	\$ (70,773)	\$ 176,649

For the year ended June 30, 2019, the District's recognized pension expense of \$102,727 for ERS and \$235,967 for TRS. At June 30, 2019 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	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 25,864	\$ 227,774	\$ 8,817	\$ 41,258
Changes of assumptions	33,014	1,065,477	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	33,709	338,352
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	49,896	8,066	5,955	11,194
District's contributions subsequent to the measurement date	24,925	286,552	-	-
Total	\$ 133,699	\$ 1,587,869	\$ 48,481	\$ 390,804

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Note 8. Pensions (continued)**

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, 2020. 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>
2019	\$ -	\$ 304,924
2020	43,249	206,837
2021	(13,471)	21,288
2022	7,736	206,119
2023	22,779	138,609
Thereafter	-	32,736
Total	<u>\$ 60,293</u>	<u>\$ 910,513</u>

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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2019	6/30/2018
Actuarial valuation date	4/1/2018	6/30/2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	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%	2.25%

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.

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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#### Note 8. Pensions (continued)

For ERS, the Actuarial assumptions used in the April 1, 2018 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, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

	<u>ERS</u>	<u>TRS</u>
Measurement Date	3/31/2019	6/30/2018
Asset Type:	%	%
Domestic equity	4.55	5.80
International equity	6.35	7.30
Private equity	7.50	8.90
Real estate	5.55	4.90
Absolute return strategies	3.75	-
Domestic fixed income securities	-	1.30
Global fixed income securities	-	0.90
High-yield fixed income securities	-	3.50
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	-	0.30
Private debt	-	6.80
Global equities	-	6.70

#### 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

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 8. Pensions (continued)**

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 Districts' 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:

ERS	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
Employer's proportionate share of the net pension asset / (liability)	\$ (574,241)	\$ (131,340)	\$ 240,727
TRS	1% Decrease 6.25%	Current Assumption 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension asset / (liability)	\$ (2,094,028)	\$ 304,800	\$ 2,314,351

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:

	ERS	(Dollars in Thousands) TRS	Total
Valuation date	3/31/2019	6/30/2018	
Employers' total pension asset/(liability)	\$ (189,803,429)	\$ (118,107,253,288)	\$ (118,297,056,717)
Plan Net Position	182,718,124	119,915,517,622	120,098,235,746
Employers' net pension asset/(liability)	<u>\$ (7,085,305)</u>	<u>\$ 1,808,264,334</u>	<u>\$ 1,801,179,029</u>
Ratio of plan net position to the Employers' total pension asset/ (liability)	-96.27%	101.53%	101.52%

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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#### **Note 8. Pensions (continued)**

##### Payables to the pension plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$24,925.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$295,577.

#### **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 \$719,293 for 67 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, 2019, the following employees were covered by the benefit terms:

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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 \$19,811,031 was measured as of July 1, 2018, and was determined by an actuarial valuation as of July 1, 2017.

*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
Salary Increases	3.0 percent
Discount Rate	3.87 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.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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

Balance at June 30, 2018	<u>\$ 19,792,729</u>
<u>Changes for the Year-</u>	
Service Cost	603,635
Interest	726,088
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(856,921)
Benefit payments	<u>(454,500)</u>
Net Changes	<u>18,302</u>
Balance at June 30, 2019	<u><u>\$ 19,811,031</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.60% percent in 2018 to 3.87% percent in 2019.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease <u>2.87%</u>	Discount Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
Total OPEB Liability	<u>\$ 23,263,636</u>	<u>\$ 19,811,031</u>	<u>\$ 17,044,089</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>\$ 16,632,543</u>	<u>\$ 19,811,031</u>	<u>\$ 23,891,104</u>



**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$542,652. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 97,246
Changes of assumptions or other inputs	-	2,676,905
Contributions subsequent to the measurement period	504,280	-
Total	<u>\$ 504,280</u>	<u>\$ 2,774,151</u>

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

Fiscal Year Ending June 30,	Amount
2020	\$ (787,071)
2021	(787,071)
2022	(787,071)
2023	(361,392)
2024 and Thereafter	<u>(51,546)</u>
	<u>\$ (2,774,151)</u>

## WILLSBORO CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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#### Note 10. Assigned Fund Balance – Encumbrances

<u>General Fund</u>	<u>2019</u>	<u>2018</u>
Central Services	\$ 27,777	\$ 4,009
Instruction Admin & Improvement	-	150
Teaching	8,652	6,776
Instructional Media	265	436
Pupil Services	7,353	5,173
	<u>\$ 44,047</u>	<u>\$ 16,544</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

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. At June 30, 2019, the District is aware of certain petitions for tax certiorari proceedings amounting to \$8,112. A reserve for tax certiorari is established for \$28,781.

The Willsboro Central School District has received grants, which are subject to audit by

## **WILLSBORO CENTRAL SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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#### **Note 11. Commitments and Contingencies (continued)**

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.

During the year ended June 30, 2019, the Willsboro Central School District was billed \$919,127 for BOCES administrative program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2019, the Willsboro Central School District issued no serial bonds on behalf of BOCES. However, per a joint agreement signed March 1, 2019, the District is responsible for their share of the current BOCES capital project amounting to \$561,580. The balance is due no later than June 1, 2020 and will be paid via bond financing. 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 \$111,089. BOCES also refunded the District \$76,539 for excess expenses billed in prior years.

## **WILLSBORO CENTRAL SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019**

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#### **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 \$19,184. 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, 2018 financial statements, and in our report dated September 20, 2018 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, 2019 was \$921,426 which represents 9.5% of next year's budget. The excess amounted to \$533,529.

At June 30, 2019 the Capital Projects fund had a negative fund balance of \$154,868. 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.

#### **Note 16. 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 SHEET - SPECIAL REVENUE FUNDS**

**June 30, 2019 and 2018**

	Special Aid	School Lunch	2019 Total	2018 Total
<b>ASSETS</b>				
Unrestricted cash	\$ 13,216	\$ 872	\$ 14,088	\$ 981
Accounts receivable	-	5	5	-
State and federal aid receivable	27,070	6,022	33,092	61,621
Inventories	-	2,434	2,434	3,151
<b>Total assets</b>	<b>\$ 40,286</b>	<b>\$ 9,333</b>	<b>\$ 49,619</b>	<b>\$ 65,753</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ 22	\$ 22	\$ -
Due to other funds	40,286	5,438	45,724	62,505
Due to other governments	-	292	292	97
<b>Total liabilities</b>	<b>40,286</b>	<b>5,752</b>	<b>46,038</b>	<b>62,602</b>
Fund Balance:				
Nonspendable				
Inventory	-	2,434	2,434	3,151
Assigned				
School lunch	-	1,147	1,147	-
<b>Total fund balance</b>	<b>-</b>	<b>3,581</b>	<b>3,581</b>	<b>3,151</b>
<b>Total liabilities and fund balance</b>	<b>\$ 40,286</b>	<b>\$ 9,333</b>	<b>\$ 49,619</b>	<b>\$ 65,753</b>

See Independent Auditor's Report.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND**  
**Years Ended June 30, 2019 and 2018**

	Special Aid	School Lunch	2019 Total	2018 Total
<b>REVENUES</b>				
State sources	\$ 49,380	\$ 2,562	\$ 51,942	\$ 56,081
Federal sources	186,830	80,613	267,443	254,013
Interest	-	5	5	5
Miscellaneous	-	83	83	126
Sales	-	49,836	49,836	36,877
<b>Total revenues</b>	<b>236,210</b>	<b>133,099</b>	<b>369,309</b>	<b>347,102</b>
<b>EXPENDITURES</b>				
General support	-	61,106	61,106	64,577
Instruction	224,561	-	224,561	216,900
Pupil transportation	8,397	-	8,397	-
Employee Benefits	9,312	34,853	44,165	62,083
Cost of sales	-	62,480	62,480	39,723
<b>Total expenditures</b>	<b>242,270</b>	<b>158,439</b>	<b>400,709</b>	<b>383,283</b>
<b>OTHER SOURCES</b>				
Operating Transfers In	6,060	25,770	31,830	33,834
<b>Total Other Sources</b>	<b>6,060</b>	<b>25,770</b>	<b>31,830</b>	<b>33,834</b>
<b>Excess (deficit) of revenues and other sources over expenditures</b>	<b>\$ -</b>	<b>\$ 430</b>	<b>\$ 430</b>	<b>\$ (2,347)</b>

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT**  
**Year Ended June 30, 2019**

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**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted budget	\$ 9,259,356
Additions:	
Encumbrances - fiscal year 2018	16,544
<b>Total additions</b>	<u>16,544</u>
Final budget	<u><u>\$ 9,275,900</u></u>

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

2019-2020 expenditure budget	\$ 9,697,420
Maximum allowed (4% of 2019-20 budget)	

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	1,557,022
Unassigned fund balance	<u>921,426</u>
Total unrestricted fund balance	<u>2,478,448</u>

Less:

Appropriated fund balance	1,512,975
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in assigned fund balance	<u>44,047</u>
Total adjustments	<u>1,557,022</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 921,426</u></u>
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Actual percentage	<u><u>9.50%</u></u>
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**WILLSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2019**

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
<b>Revenues:</b>				
Local sources:				
Real property tax items	\$ 5,271,570	\$ 5,271,570	\$ 5,271,620	\$ 50
Charges for services	127,000	127,000	83,772	(43,228)
Use of money and property	7,000	7,000	7,343	343
Sale of property and compensation for loss	-	-	8,893	8,893
Miscellaneous	63,000	63,000	126,047	63,047
State sources	2,449,494	2,449,494	2,414,141	(35,353)
Federal sources	15,000	15,000	49,351	34,351
<b>Total revenues</b>	<u>7,933,064</u>	<u>7,933,064</u>	<u>7,961,167</u>	<u>28,103</u>
<b>Other financing sources:</b>				
Interfund transfers	214,750	214,750	214,883	133
Appropriated reserves	-	16,544	-	-
	<u>214,750</u>	<u>231,294</u>	<u>214,883</u>	<u>133</u>
<b>Total revenues and appropriated fund balance</b>	<u>\$ 8,147,814</u>	<u>\$ 8,164,358</u>	<u>8,176,050</u>	<u>\$ 28,236</u>

See Independent Auditor's Report.



	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>Expenditures:</b>					
General support:					
Board of education	\$ 2,950	\$ 5,250	\$ 5,004	\$ -	\$ 246
Central administration	235,559	214,109	212,565	-	1,544
Finance	145,929	168,384	166,906	-	1,478
Staff	44,236	53,636	52,811	-	825
Central services	514,952	513,611	430,422	27,777	55,412
Special items	153,496	153,496	151,435	-	2,061
<b>Total General Support</b>	<b>1,097,122</b>	<b>1,108,486</b>	<b>1,019,143</b>	<b>27,777</b>	<b>61,566</b>
Instructional:					
Administration and improvement	13,500	13,650	9,577	-	4,073
Teaching - regular school	2,391,657	2,403,888	2,174,787	8,652	220,449
Special education programs	1,468,980	1,453,870	1,210,150	-	243,720
Instructional media	136,520	137,156	107,824	265	29,067
Pupil service	306,667	313,940	287,130	7,353	19,457
<b>Total Instructional</b>	<b>4,317,324</b>	<b>4,322,504</b>	<b>3,789,468</b>	<b>16,270</b>	<b>516,766</b>
Pupil transportation	316,510	316,510	246,262	-	70,248
Employee Benefits	2,691,152	2,673,102	2,295,104	-	377,998
Debt service	822,248	822,298	822,248	-	50
<b>Total expenditures</b>	<b>9,244,356</b>	<b>9,242,900</b>	<b>8,172,225</b>	<b>44,047</b>	<b>1,026,628</b>
<b>Other Financing Uses:</b>					
Interfund transfer	15,000	33,000	31,830	-	1,170
<b>Total expenditures and other uses</b>	<b>9,259,356</b>	<b>9,275,900</b>	<b>8,204,055</b>	<b>\$ 44,047</b>	<b>\$ 1,027,798</b>
 <b>Net change in fund balance</b>	 (1,111,542)	 (1,111,542)	 (28,005)		
 <b>Fund balance - beginning</b>	 3,672,922	 3,672,922	 3,672,922		
 <b>Fund balance - ending</b>	 <u>\$ 2,561,380</u>	 <u>\$ 2,561,380</u>	 <u>\$ 3,644,917</u>		

See Independent Auditor's Report.

WILLSBORO CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2019

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Overexpended) Unexpended Balance	Methods of Financing				Fund Balance June 30, 2019
							Proceeds of Obligations	State Aid	Local Sources	Total	
Buses 6/30/15	\$ 130,513	\$ 130,513	\$ 130,513	\$ -	\$ 130,513	\$ -	\$ -	\$ -	\$ 103,377	\$ 103,377	\$ (27,136)
Buses 6/30/17	116,312	116,312	116,312	-	116,312	-	-	-	46,413	46,413	(69,899)
Buses 6/30/18	77,500	77,500	73,333	-	73,333	-	-	-	15,500	15,500	(57,833)
Energy Performance Contract	1,531,420	1,531,420	-	1,531,420	1,531,420	-	1,500,719	-	30,701	1,531,420	-
Total Buses	<u>\$ 1,855,745</u>	<u>\$ 1,855,745</u>	<u>\$ 320,158</u>	<u>\$ 1,531,420</u>	<u>\$ 1,851,578</u>	<u>\$ -</u>	<u>\$ 1,500,719</u>	<u>\$ -</u>	<u>\$ 195,991</u>	<u>\$ 1,696,710</u>	<u>\$ (154,868)</u>

See Independent Auditor's Report.

**WILLSBORO CENTRAL SCHOOL DISTRICT**

**NET INVESTMENT IN CAPITAL ASSETS**

**Year Ended June 30, 2019**

Capital Assets, Net	\$ 9,677,361
Add:	
Deferred interest from bond refunding, net	115,789
Deduct:	
Bond anticipation notes	(159,136)
Short-term portion of bonds payable and long-term debt	(520,719)
Long-term portion of bonds payable and long-term debt	(6,980,000)
Less: unspent bond proceeds	4,268
Net investment in capital assets	<u><u>\$ 2,137,563</u></u>

**WILSBORO CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
Measurement Date	July 1, 2018	July 1, 2017
Service Cost	\$ 603,635	\$ 721,435
Interest	726,088	653,711
Changes in benefit terms	-	(257,648)
Differences between expected and actual experience	-	(155,828)
Changes of assumption or other inputs	(856,921)	(3,174,469)
Benefit payments	<u>(454,500)</u>	<u>(420,498)</u>
Net change in total OPEB liability	18,302	(2,633,297)
Total OPEB liability - beginning	<u>19,792,729</u>	<u>22,426,026</u>
Total OPEB liability - Ending	<u><u>\$ 19,811,031</u></u>	<u><u>\$ 19,792,729</u></u>
Covered payroll	\$ 3,608,249	\$ 3,547,308
Total OPEB liability as a percentage of covered payroll	549%	558%

10 years of historical information will not be 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, 2019**

NYSERS Pension Plan  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.0018537%	0.0018766%	0.0018136%	0.0020480%	0.0022604%					
District's proportionate share of the net pension liability (asset)	\$ 131,340	\$ 60,567	\$ 170,413	\$ 328,715	\$ 76,361					
District's covered- employee payroll	\$ 669,007	\$ 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	19.63%	8.79%	25.68%	55.80%	12.78%					
Plan fiduciary net position as a percentage of the total pension liability	96.27%	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, 2019**

NYSERS Pension Plan  
Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 99,239	\$ 96,101	\$ 92,075	\$ 112,806	\$ 113,828	\$ 127,701	\$ 113,237	\$ 91,353	\$ 66,103	\$ 37,089
Contributions in relation to the contractually required contribution	\$ 99,239	\$ 96,101	\$ 92,075	\$ 112,806	\$ 113,828	\$ 127,701	\$ 113,237	\$ 91,353	\$ 66,103	\$ 37,089
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 669,007	\$ 688,772	\$ 663,661	\$ 589,064	\$ 597,581					
Contributions as a percentage of covered employee payroll	14.83%	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, 2019**

NYSTRS Pension Plan  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	-0.016856%	-0.016860%	0.016683%	-0.016880%	-0.016803%	-0.016602%				
District's proportionate share of the net pension liability (asset)	\$ (304,800)	\$ (128,151)	\$ 178,680	\$ (1,753,281)	\$ (1,871,733)	\$ (109,281)				
District's covered- employee payroll	\$ 2,699,072	\$ 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	-11.29%	-4.67%	6.69%	-68.11%	-75.41%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	-101.53%	-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, 2019**

NYSTRS Pension Plan  
 Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 269,073	\$ 313,126	\$ 341,356	\$ 444,488	\$ 403,332	\$ 287,926	\$ 292,542	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ 269,073	\$ 313,126	\$ 341,356	\$ 444,488	\$ 403,332	\$ 287,926	\$ 292,542	\$ -	\$ -	\$ -
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 2,699,072	\$ 2,743,360	\$ 2,671,721	\$ 2,574,327	\$ 2,482,043					
Contributions as a percentage of covered employee payroll	9.97%	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.***

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## ***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, 2019, 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 18, 2019.

#### **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

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 19-1.

### **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 19-1.

### **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 18, 2019

**WILLSBORO CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019**

**FINANCIAL STATEMENTS**

**Significant Deficiency**

**19-1 Excess Fund Balance**

Condition: The District's unassigned general fund balance was 9.5% of next year's budget.

Effect: The District's unassigned general fund balance was 5.5%, or \$533,529, 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: Willsboro Central School District has taken a conservative approach to spending as State Aid funding remains uncertain. The Board of Education plans to use its fund balance in future budgets to provide stability to taxpayers in a fiscally responsible manner.

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

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## ***Certified Public Accountants***

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

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

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

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

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Willsboro Central School District as of and for the year ended June 30, 2019, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Willsboro Central School District as of June 30, 2019, 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 18, 2019

**WILLSBORO CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUNDS**

**BALANCE SHEETS  
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 50,272	\$ 50,834
<b>Total Assets</b>	<u><u>\$ 50,272</u></u>	<u><u>\$ 50,834</u></u>
<b>FUND BALANCE</b>		
Extraclassroom Activity	\$ 50,272	\$ 50,834
<b>Total Fund Balance</b>	<u><u>\$ 50,272</u></u>	<u><u>\$ 50,834</u></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, 2019**

Activity	Balance June 30, 2018	Receipts	Disbursements	Balance June 30, 2019
Class of 2018	\$ 236	\$ -	\$ 236	\$ -
Class of 2019	8,264	17,364	25,584	44
Class of 2020	6,087	15,629	13,759	7,957
Class of 2021	5,169	5,175	766	9,578
Class of 2022	-	9,034	4,760	4,274
Band Boosters	486	6,341	5,621	1,206
Drama Club	10,414	17,139	21,314	6,239
Student Council	5,387	1,913	995	6,305
French Club	2,053	692	1,494	1,251
Key Club	586	990	1,044	532
CFES	2,359	2,300	784	3,875
JNHS	749	1,052	998	803
NHS	4,132	553	818	3,867
Spanish Club	2,558	1,582	1,852	2,288
STEP Club	-	300	-	300
Yearbook	2,154	5,058	5,686	1,526
Interest Income	200	27	-	227
	<u>\$ 50,834</u>	<u>\$ 85,149</u>	<u>\$ 85,711</u>	<u>\$ 50,272</u>

See Notes to the Financial Statements – Extraclassroom Activity Fund

## WILLSBORO CENTRAL SCHOOL DISTRICT

### EXTRACLASSROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS

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

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

Basis of Presentation: The Extraclassroom Activity Funds of the Willsboro Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School with respect to its financial transactions and the designation of student management.

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