

**WHITNEY POINT
CENTRAL SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2017



WHITNEY POINT CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Whitney Point Central School District
Whitney Point, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedule of Funding Progress, the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans, the Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability, and related notes on pages 4-4k and 47-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information on pages 56-58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards 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 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 supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017 on our consideration of the School District's internal control over financial reporting and 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 10, 2017

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The following is a discussion and analysis of Whitney Point Central School District's (the School District) financial performance for the fiscal year ended June 30, 2017. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District complies with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As a result, pension expense decreased in the District-wide financial statements by \$(89,808) for the year ended June 30, 2017, compared to a decrease of \$(1,696,028) in the prior year. See Note 11 for more detailed information.
- NYS Teachers' Retirement System (TRS) made significant changes in assumptions related to pensions, including the valuation rate of interest that went from 8% to 7.5%. This caused the School District's proportionate share of the TRS pension asset to decline and become a liability. However, the decline was offset by related changes to deferred outflows of resources and improvements in investment earnings. Overall, the effect of these changes in TRS pension and less dramatic changes in NYS Employees' Retirement System (ERS) pension on the School District's proportionate share of pension liabilities and deferred inflows and outflows of resources had a minimal effect on net position.
- The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement requires the School District to record an expense of \$3,896,326 in 2017, and recognize a liability for retiree health insurance that amounted to \$26,667,307 at June 30, 2017.
- The School District's 2017 financial position showed a decrease in net position of \$(2,611,191) compared to a net decrease of \$(449,479) in 2016.
- Revenues increased by \$244,068 or 0.7% and expenses increased by \$2,405,780 or 6.8%. The increase in expenses was largely due to the increase in OPEB of \$3,896,326, offset by the capitalization of assets of \$1,480,691.
- Overall indebtedness of the School District, in the amount of \$34,386,096 decreased by \$(1,738,531) from \$36,124,627 in 2016. This was primarily due to repayment of bond principal offset by the issuance of bond anticipation notes.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

- Unassigned fund balance in the General Fund showed a decrease in 2017, to \$1,334,260 from \$1,342,619 in 2016. Total fund balance in the General Fund, including reserves, amounted to \$7,481,487 at June 30, 2017, which reflects an increase of \$646,105 in General Fund balance from June 30, 2016.
- Capital asset additions during 2017 amounted to \$1,480,691, most of which was a result of capital outlay for renovations and bus garage projects, in addition to purchases for buses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

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 School District's budget for the year and a Schedule of Funding Progress related to the School District's unfunded actuarial accrued liability for postemployment benefits, and information related to the School District's pension obligations.

District-wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The two District-wide financial statements report the School District's net position and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position. The recognition of other postemployment benefit liabilities will continue to be a factor affecting the School District's change in total net position reported. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Governmental Fund Financial Statements

The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds financial statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net position for fiscal year ended June 30, 2017 decreased by \$(2,611,191). Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2016</i>	<i>2017</i>	<i>2016 - 2017</i>
<i>Current assets</i>	\$ 4,810,864	\$ 6,593,677	\$ 1,782,813
<i>Noncurrent assets</i>	14,256,121	5,467,343	(8,788,778)
<i>Capital assets, net</i>	60,376,850	59,598,909	(777,941)
<i>Total Assets</i>	79,443,835	71,659,929	(7,783,906)
<i>Pensions</i>	2,850,581	7,586,582	4,736,001
<i>Deferred charges on defeased debt</i>	466,078	373,367	(92,711)
<i>Total Deferred Outflows of Resources</i>	3,316,659	7,959,949	4,643,290
<i>Current liabilities</i>	5,986,464	7,446,351	1,459,887
<i>Noncurrent liabilities</i>	57,896,075	58,134,273	238,198
<i>Total Liabilities</i>	63,882,539	65,580,624	1,698,085
<i>Pensions</i>	2,626,820	399,310	(2,227,510)
<i>Total Deferred Inflows of Resources</i>	2,626,820	399,310	(2,227,510)
<i>Net investment in capital assets</i>	24,718,301	25,789,659	1,071,358
<i>Restricted</i>	7,544,806	7,140,138	(404,668)
<i>Unrestricted</i>	(16,011,972)	(19,289,853)	(3,277,881)
<i>Total Net Position</i>	\$ 16,251,135	\$ 13,639,944	\$ (2,611,191)

Current assets increased primarily due to increases in short term restricted cash.

Noncurrent assets decreased largely due to the School District's proportionate share of the TRS net pension asset reducing to a liability based on a change in the discount rate used. Capital assets decreased because depreciation expense exceeded capital outlay.

The increase in current liabilities is primarily related to the issuance of a bond anticipation notes in the amount of \$1,895,263 offset by a decrease in accounts payable of \$(459,290). The increase in noncurrent liabilities is related to the increase in other post-employment benefits payable of \$3,896,326, offset by decreases in the noncurrent portion of bonds payable \$(3,345,000). Deferred outflows increased and deferred inflows decreased based on changes in assumptions as well as investment earnings of the TRS pension plan resulting in a shift between deferred inflows and outflows of resources.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Net investment in capital assets increased because capital outlay and repayment of related debt exceeded depreciation expense. Restricted net position decreased primarily due to a decrease in funds restricted for debt. The increase in the unrestricted (deficit) is primarily attributable to recognition of other postemployment benefits liability and expense of \$3,596,326. The net effect of the School District's activities resulted in a decrease in total net position of \$(2,611,191).

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2016</i>	<i>2017</i>	<i>2016 - 2017</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for services</i>	\$ 353,237	\$ 408,994	\$ 55,757
<i>Operating grants and contributions</i>	2,585,611	2,611,245	25,634
<i>General Revenues:</i>			
<i>Real property taxes</i>	6,145,522	6,299,189	153,667
<i>Real property tax items</i>	1,601,451	1,574,931	(26,520)
<i>State sources</i>	23,429,367	23,450,523	21,156
<i>Use of money and property</i>	139,142	144,168	5,026
<i>Other general revenues</i>	929,513	938,861	9,348
Total Revenues	\$ 35,183,843	\$ 35,427,911	\$ 244,068
PROGRAM EXPENSES			
<i>General support</i>	\$ 3,478,045	\$ 3,684,226	\$ 206,181
<i>Instruction</i>	27,113,401	29,482,183	2,368,782
<i>Pupil transportation</i>	2,759,031	2,690,123	(68,908)
<i>Community service</i>	4,266	146,780	142,514
<i>School lunch program</i>	900,735	800,470	(100,265)
<i>Interest on debt</i>	1,377,844	1,235,320	(142,524)
Total Expenses	\$ 35,633,322	\$ 38,039,102	\$ 2,405,780
(DECREASE) IN NET POSITION	\$ (449,479)	\$ (2,611,191)	\$ (2,161,712)

Total revenues for the School District's Governmental Activities increased by \$244,068 or 0.7%, offset by increased expenses of \$2,405,780 or 6.8%. The increase in revenue is primarily the result of an increase in real property tax based on an increase in the voter approved levy. The increase in instructional expenditures is primarily the result of an increase in OPEB expense of \$314,591 and an increase of pension expense of \$1,785,836.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Figures 3 and 4 show the sources of revenue for 2017 and 2016.

Figure 3

Sources of Revenue for 2017

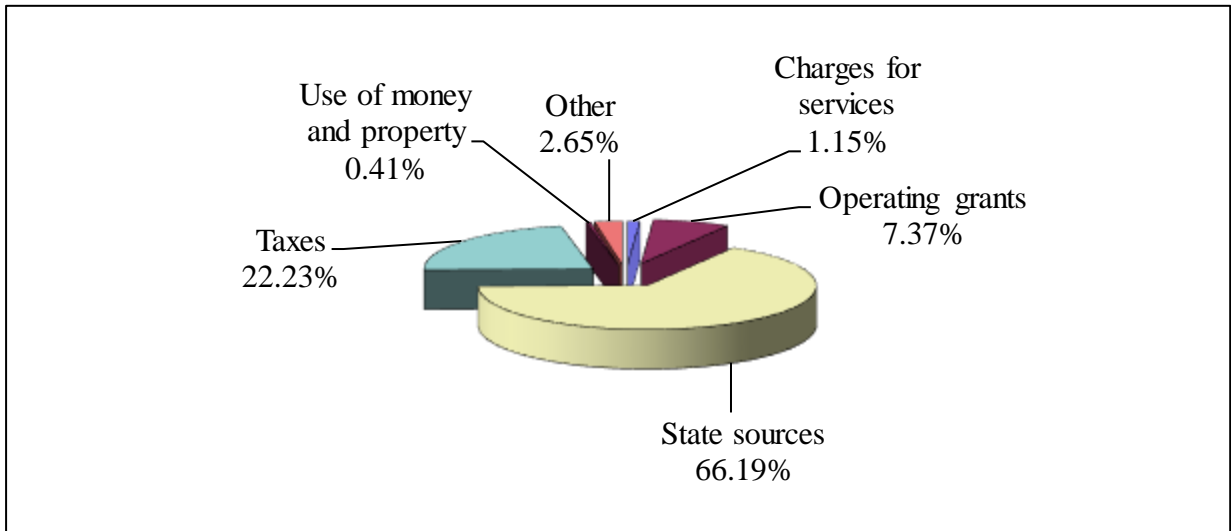
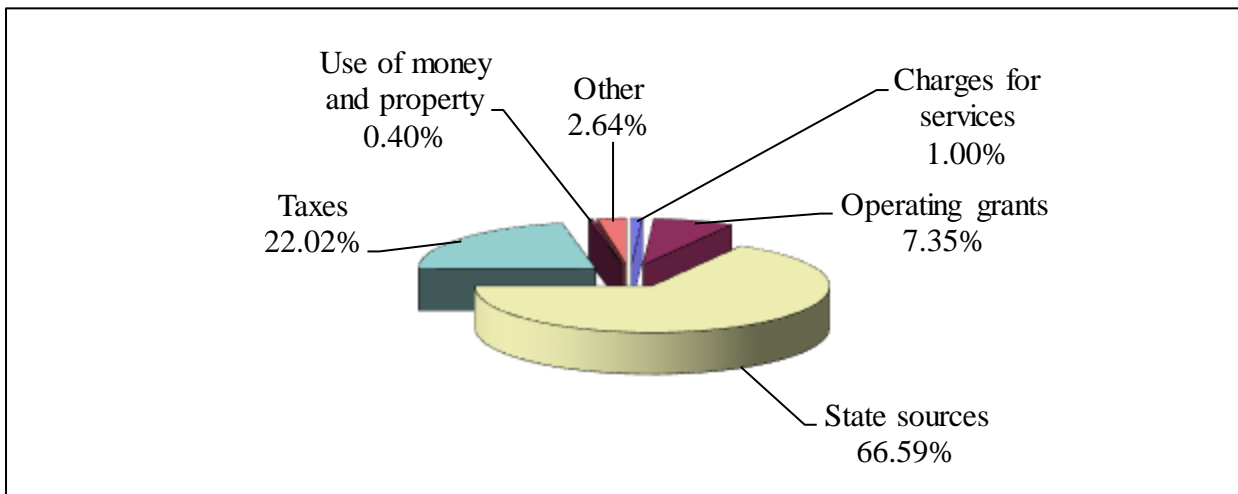


Figure 4

Sources of Revenue for 2016



WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Figures 5 and 6 present the cost of each of the School District's programs for 2017 and 2016.

Figure 5

Cost of Programs for 2017

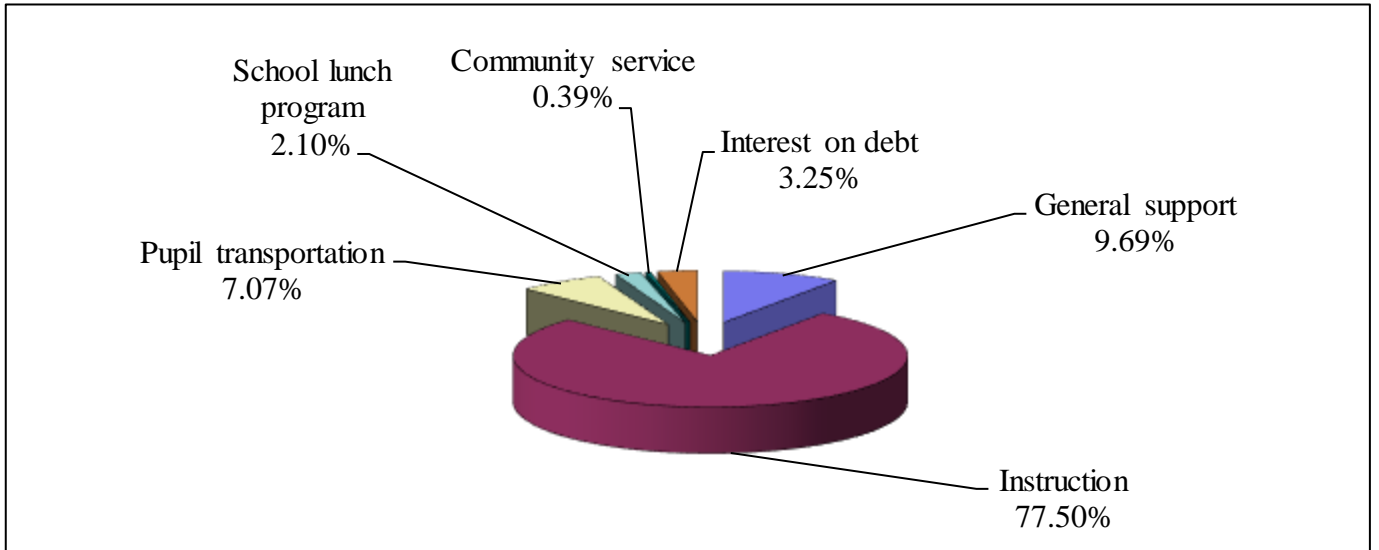
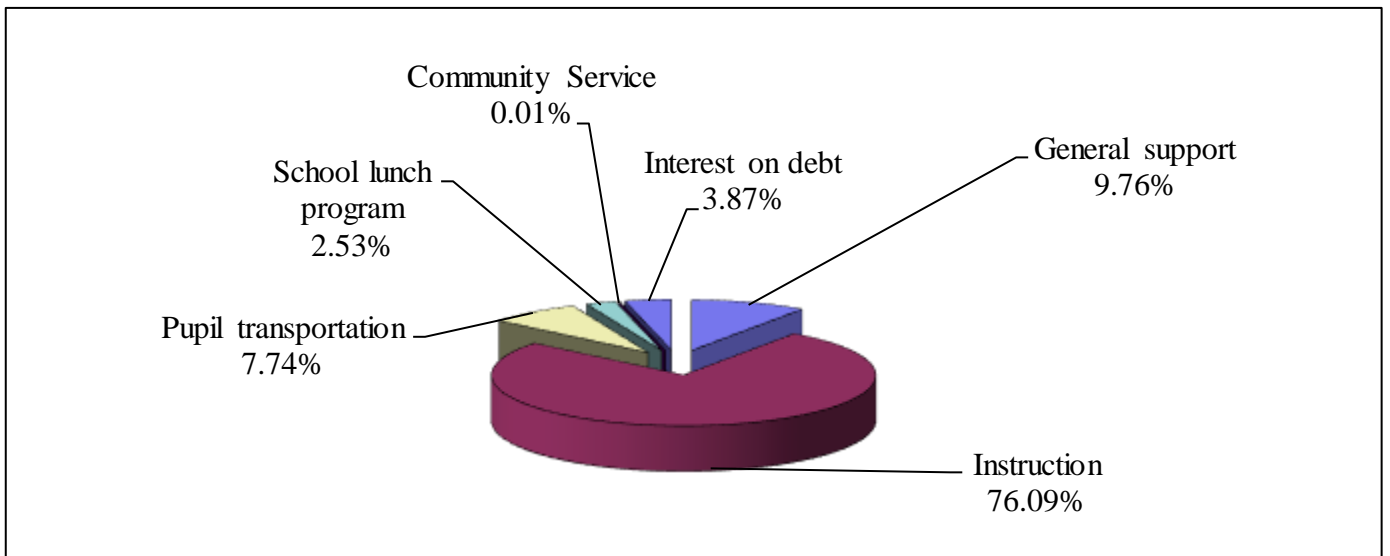


Figure 6

Cost of Programs for 2016



WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District as a whole. As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined total fund balance of \$8,157,559 which is \$(1,451,318) less than total fund balance reported in the prior year. This decrease is primarily attributable to the interfund transfers in Debt Service Fund, and issuance of a bond anticipation note in the Capital Fund.

Figure 7

<i>Governmental Fund Balances</i>	<i>2016</i>	<i>2017</i>	<i>Total Dollar Change 2016-2017</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 6,835,382	\$ 7,481,487	\$ 646,105
<i>School Lunch Fund</i>	71,284	84,468	13,184
<i>Debt Service Fund</i>	2,405,106	1,613,479	(791,627)
<i>Capital Funds</i>	297,105	(1,021,875)	(1,318,980)
<i>Total Governmental Funds</i>	\$ 9,608,877	\$ 8,157,559	\$ (1,451,318)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School District budget was revised several times. These budget amendments consisted primarily of budget transfers between functions which did not increase the overall budget.

Revenues and other financing sources were greater than budgetary estimates by \$149,701 or 0.5% while expenditures were below the revised budget by \$1,324,939 or 3.9%. Interfund revenues exceeded budget by \$700,000 as well as local sources of \$225,662 offset by a shortfall in state sources of \$(815,214). Expenditures were below revised appropriations largely as a result of lower than originally budgeted expenditures for employee benefits and transportation expenses.

Figure 8 summarizes the original and final budgets, actual expenditures (including encumbrances), and variances for the year ending June 30, 2017.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2017</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real property taxes</i>	\$ 7,853,813	\$ 6,309,363	\$ 6,299,189	\$ (10,174)
<i>Other tax items</i>	30,000	1,574,450	1,574,931	481
<i>State sources</i>	24,266,102	24,266,102	23,450,888	(815,214)
<i>Other, including financing sources</i>	1,084,725	1,084,725	2,059,333	974,608
Total Revenues and Other Financing Sources	33,234,640	33,234,640	33,384,341	149,701
Appropriated Fund Balances	967,168	967,168		
EXPENDITURES				
<i>General support</i>	\$ 3,113,326	3,207,481	\$ 2,842,720	364,761
<i>Instruction</i>	15,953,430	15,680,092	15,559,132	120,960
<i>Pupil transportation</i>	1,887,860	1,870,835	1,472,933	397,902
<i>Community service</i>	2,250	3,951	3,517	434
<i>Employee benefits</i>	8,405,293	8,549,800	8,155,933	393,867
<i>Debt service</i>	4,804,149	4,804,149	4,767,799	36,350
<i>Other financing uses</i>	35,500	85,500	74,835	10,665
Total Expenditures and Other Financing (Uses)	\$ 34,201,808	\$ 34,201,808	\$ 32,876,869	\$ 1,324,939

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the School District had invested in a broad range of capital assets. Total capital assets of \$59,598,909 at June 30, 2017 represent a net decrease (including additions, disposals and depreciation) of 1.3% from last year, primarily because depreciation exceeded capital outlay.

Figure 9

<i>Changes in Capital Assets</i>	<i>2016</i>	<i>2017</i>	<i>Total Dollar Change 2016-2017</i>
<i>Land</i>	\$ 12,730	\$ 12,730	\$ -
<i>Construction in progress</i>	1,212,044	2,135,763	923,719
<i>Buildings, net</i>	56,830,175	55,069,960	(1,760,215)
<i>Equipment, net</i>	2,321,901	2,380,456	58,555
Total	\$ 60,376,850	\$ 59,598,909	\$ (777,941)

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Capital asset activity for the year ended June 30, 2017 included the following:

Construction in progress	\$ 923,719
Buses	389,062
Equipment	167,910
Total additions	1,480,691
Less net book value of disposed equipment	(12,937)
Less depreciation expense	(2,245,695)
Net Increase in Capital Assets	\$ (777,941)

Debt Administration

Debt decreased by \$(1,738,531) in 2017, as shown in *Figure 10*. The decrease is primarily related to the repayment of serial bonds, offset by issuance of a bond anticipation note. Total indebtedness represented 80.21% of the constitutional debt limit.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2016-2017</i>
	<i>2016</i>	<i>2017</i>	
<i>Serial bonds</i>	\$ 36,124,627	\$ 32,490,833	\$ (3,633,794)
<i>Bond anticipation notes</i>	-	1,895,263	1,895,263
<i>Total</i>	\$ 36,124,627	\$ 34,386,096	\$ (1,738,531)

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

Other obligations of the School District include accrued vacation pay and sick leave, pension liabilities and other postemployment benefits for employees. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

The School District's bond rating is A+, which did not change from the prior year.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The adoption of Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," requiring the School District to record a liability for a portion of the Actuarial Accrued Liability will continue to be a factor affecting the School District's change in total net position reported.
- The School District relies heavily on state aid to fund 71% of its programs. The majority of our other revenue comes from our tax base. As such, maintaining compliance with the New York State's property tax cap has hindered the School District's efforts to increase its tax base to meet increasing operational costs. As a result, the tax levy has not increased by more than 2.0% in any of the previous six years. As this trend continues, the School District will continue to implement cost cutting efficiencies and plan for utilization of fund balances to limit reliance on School District tax increases to fund operating expenses.
- Assessed property values in the District had a slight increase in property value from the previous year when comparing 2016-17 (\$377,004,720) to 2017-18 (\$377,304,784). The Town of Lapeer had the largest increase in assessed value; from \$57,800 in 2016-17 to \$526,700 in 2017-18. This increase is primarily the result of breaking out a piece of land into smaller parcels for property development along the lake. Equalization rates range from 58.0% in the Town Nanticoke to 100.00% in the Towns of Barker, Lisle, Triangle, and Greene.
- The School District had a successful capital referendum approved by the voters on November 3, 2015. Total project referendum was \$13,038,022 with \$1,500,000 to be used from the School District's Capital Reserve Fund and \$1,055,457 to be utilized from the School District's allotment of New York State's Smarts Schools Allocation. The Smart Schools portion will be used to construct two brand new universal pre-kindergarten classrooms. Capital project construction began the summer of 2016 and is projected to be complete by the summer of 2018. The delay in construction was due to a significant delay in SED approval.
- The School District closed on a BAN borrowing of \$10,709,014 on August 17, 2017. This amount represents annual bus borrowing in the amount of \$392,803 with the remaining \$10,316,211 representing anticipated project expenditures over the next 11 months. The School District is planning on securing long-term financing for this capital project during the summer of 2018.
- The School District is in the early stages of refinancing our DASNY bonds. Initial analysis projects an annual savings of approximately \$79,000. We hope to secure refinancing in the early fall.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

- The School District's enrollment (K-12) fluctuates from year to year. The following is actual and projected enrollment data for the current and subsequent year:

2016-17 1,418

2017-18 1,425

- The School District was awarded a new state funded grant for 3 year old pre-kindergarten effective February 1, 2017. The full year grant award of \$453,438 will provide educational services for 45 students at two off-site locations. We anticipate this grant to be renewed on a year-to-year basis.
- Future anticipated increases in School District expenditures relating to instructional and non-instructional salaries, and related fringe benefit costs, including increases in health insurance, may have an adverse effect on the School District's finances.
- Increasing employee benefit costs, food costs, and service maintenance costs, coupled with increasing federal mandates for nutritional guidelines, will continue to place financial pressure on the school food service program. We recently enrolled in a new federal reimbursement program called Provision II breakfast. School District management is hopeful this program will increase breakfast revenue district-wide. The District will continue to balance out revenues and expenditures of this support program.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2017

ASSETS

Current Assets

Cash - Unrestricted	\$	<u>2,383,256</u>
Cash - Restricted		<u>1,827,635</u>
State and federal aid		<u>1,323,857</u>
Due from other governments		<u>823,630</u>
Other receivables		<u>168,896</u>
Inventories		<u>25,152</u>
Prepaid items		<u>41,251</u>
Total Current Assets		<u>6,593,677</u>

Noncurrent Assets

Restricted cash		<u>5,467,343</u>
Capital assets, net:		
Land and construction in progress		<u>2,148,493</u>
Depreciable capital assets, net		<u>57,450,416</u>
Total Noncurrent Assets		<u>65,066,252</u>

Total Assets

71,659,929

DEFERRED OUTFLOWS OF RESOURCES

Pensions		<u>7,586,582</u>
Deferred charges on defeased debt		<u>373,367</u>
Total Deferred Outflows		<u>7,959,949</u>

LIABILITIES

Current Liabilities

Payables:

Accounts payable		<u>177,255</u>
Accrued liabilities		<u>201,591</u>
Due to other governments		<u>139</u>
Bond anticipation notes payable		<u>1,895,263</u>
Bond interest and matured bonds		<u>71,752</u>
Unearned revenue		<u>15,473</u>
Due to Teachers' Retirement System		<u>1,309,660</u>
Due to Employees' Retirement System		<u>96,492</u>
Subtotal of current liabilities		<u>3,767,625</u>

Current portion of long-term liabilities:

Bonds payable		<u>3,678,726</u>
Total Current Liabilities		<u>7,446,351</u>

Noncurrent Liabilities and Obligations

Bonds payable		<u>28,812,107</u>
Compensated absences payable		<u>1,039,766</u>
Other postemployment benefit liabilities		<u>26,667,307</u>
Net pension liability - Proportionate share		<u>1,615,093</u>
Total Noncurrent Liabilities and Obligations		<u>58,134,273</u>

Total Liabilities

65,580,624

DEFERRED INFLOWS OF RESOURCES

Pensions		<u>399,310</u>
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NET POSITION

Net investment in capital assets		<u>25,789,659</u>
Restricted		<u>7,140,138</u>
Unrestricted (deficit)		<u>(19,289,853)</u>
Total Net Position	\$	<u><u>13,639,944</u></u>

See Independent Auditor's Report and Notes to Basic Financial Statements

WHITNEY POINT CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
General support	\$ 3,684,226	\$	\$	\$	\$ (3,684,226)
Instruction	<u>29,482,183</u>	<u>165,539</u>	<u>2,063,022</u>		<u>(27,253,622)</u>
Pupil transportation	<u>2,690,123</u>				<u>(2,690,123)</u>
Community services	<u>146,780</u>				<u>(146,780)</u>
School lunch program	<u>800,470</u>	<u>243,455</u>	<u>548,223</u>		<u>(8,792)</u>
Interest on debt	<u>1,235,320</u>				<u>(1,235,320)</u>
Total Functions/Programs	<u>\$ 38,039,102</u>	<u>\$ 408,994</u>	<u>\$ 2,611,245</u>	<u>\$ -</u>	<u>(35,018,863)</u>

GENERAL REVENUES

Real property taxes	<u>6,299,189</u>
Real property tax items	<u>1,574,931</u>
Use of money and property	<u>144,168</u>
State sources	<u>23,450,523</u>
Sale of property and compensation for loss	<u>4,867</u>
Miscellaneous	<u>933,994</u>

Total General Revenues

32,407,672

Change in Net Position

(2,611,191)

Total Net Position - Beginning of Year

16,251,135

Total Net Position - End of Year

\$ 13,639,944

See Independent Auditor's Report and Notes to Basic Financial Statements

WHITNEY POINT CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2017

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
ASSETS			
Cash - Unrestricted	\$ 1,577,703	\$ 26,428	\$ 77,276
Cash - Restricted	5,467,343		10,677
Receivables:			
Due from other funds	674,324		
State and federal aid	671,062	613,248	39,547
Due from other governments	823,630		
Other	159,804		9,092
Inventories			25,152
Prepaid items	41,251		
Total Assets	\$ 9,415,117	\$ 639,676	\$ 161,744
LIABILITIES			
Payables:			
Accounts payable	\$ 122,015	\$ 20,508	\$ 2,705
Accrued liabilities	197,768	3,141	682
Due to other funds	107	607,837	66,467
Due to other governments			139
Bond anticipation notes payable			
Unearned revenue		8,190	7,283
Due to Teachers' Retirement System	1,309,660		
Due to Employees' Retirement System	96,492		
Total Liabilities	1,726,042	639,676	77,276
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	207,588		
FUND BALANCES			
Nonspendable	41,251		25,152
Restricted	5,467,343		59,316
Assigned	638,633		
Unassigned	1,334,260		
Total Fund Balances	7,481,487	-	84,468
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,415,117	\$ 639,676	\$ 161,744

See Independent Auditor's Report and Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$	\$ 701,849	\$ 2,383,256
<u>1,607,170</u>	<u>209,788</u>	<u>7,294,978</u>
		<u>680,633</u>
<u>6,309</u>		<u>1,323,857</u>
		<u>823,630</u>
		<u>168,896</u>
		<u>25,152</u>
		<u>41,251</u>
<u>\$ 1,613,479</u>	<u>\$ 911,637</u>	<u>\$ 12,741,653</u>
\$	\$ 32,027	\$ 177,255
		<u>201,591</u>
	<u>6,222</u>	<u>680,633</u>
		<u>139</u>
	<u>1,895,263</u>	<u>1,895,263</u>
		<u>15,473</u>
		<u>1,309,660</u>
		<u>96,492</u>
<u>-</u>	<u>1,933,512</u>	<u>4,376,506</u>
		<u>207,588</u>
		<u>66,403</u>
<u>1,613,479</u>		<u>7,140,138</u>
		<u>638,633</u>
	<u>(1,021,875)</u>	<u>312,385</u>
<u>1,613,479</u>	<u>(1,021,875)</u>	<u>8,157,559</u>
<u>\$ 1,613,479</u>	<u>\$ 911,637</u>	<u>\$ 12,741,653</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

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

Fund Balances - Total Governmental Funds **\$ 8,157,559**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total historical cost	\$ 85,178,726	
Less accumulated depreciation	<u>(25,579,817)</u>	59,598,909

The School District's proportion of the collective net pension asset or liability is not reported in the funds.

ERS net pension asset - Proportionate share	\$ (902,990)	
TRS net pension liability - Proportionate share	<u>(712,103)</u>	(1,615,093)

Deferred outflows of resources, including deferred charges on defeased debt and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including unavailable revenue and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Unavailable revenue	\$ 207,588	
Deferred charges on defeased debt	373,367	
TRS deferred inflows - Pension	(249,894)	
ERS deferred inflows - Pension	(149,416)	
TRS deferred outflows - Pension	6,957,614	
ERS deferred outflows - Pension	<u>628,968</u>	7,768,227

Long-term liabilities, including bonds payable, compensated absences and other postemployment benefit liability, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (30,240,000)	
Bond premium	(2,250,833)	
Compensated absences	(1,039,766)	
Other postemployment benefit liabilities	<u>(26,667,307)</u>	(60,197,906)

Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.

Accrued interest on debt		<u>(71,752)</u>
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Net Position of Governmental Activities **\$ 13,639,944**

See Independent Auditor's Report and Notes to Basic Financial Statements

WHITNEY POINT CENTRAL SCHOOL DISTRICT

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

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
REVENUES			
Real property taxes	\$ 6,299,189	\$	\$
Other tax items	1,574,931		
Charges for services	106,286		
Use of money and property	141,996		
Sale of property and compensation for loss	17,804		
Miscellaneous	933,994	1,500	142
State sources	23,450,888	1,033,301	83,459
Medicaid reimbursement	59,253		
Federal sources		913,467	531,731
Sales - School lunch			243,313
Total Revenues	32,584,341	1,948,268	858,645
EXPENDITURES			
General support	2,768,277		
Instruction	15,503,081	1,603,898	402,818
Pupil transportation	1,464,794	39,864	
Community services	3,517		
Employee benefits	8,155,933	329,339	192,302
Debt service:			
Principal	3,300,000		
Interest	1,467,799		
Cost of sales			300,343
Capital outlay			
Total Expenditures	32,663,401	1,973,101	895,463
Excess (Deficiency) of Revenues Over Expenditures	(79,060)	(24,833)	(36,818)
OTHER FINANCING SOURCES AND (USES)			
Operating transfers in	800,000	24,833	50,002
Operating transfers (out)	(74,835)		
Total Other Sources (Uses)	725,165	24,833	50,002
Net Change in Fund Balances	646,105	-	13,184
Fund Balances - Beginning of Year	6,835,382	-	71,284
Fund Balances - End of Year	\$ 7,481,487	\$ -	\$ 84,468

See Independent Auditor's Report and Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$	\$	\$ 6,299,189
		1,574,931
		106,286
2,172		144,168
		17,804
		935,636
		24,567,648
		59,253
		1,445,198
		243,313
2,172	-	35,393,426
		2,768,277
		17,509,797
		1,504,658
		3,517
		8,677,574
		3,300,000
		1,467,799
		300,343
	1,312,779	1,312,779
-	1,312,779	36,844,744
2,172	(1,312,779)	(1,451,318)
6,201	-	881,036
(800,000)	(6,201)	(881,036)
(793,799)	(6,201)	-
(791,627)	(1,318,980)	(1,451,318)
2,405,106	297,105	9,608,877
\$ 1,613,479	\$ (1,021,875)	\$ 8,157,559

WHITNEY POINT CENTRAL SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds **\$ (1,451,318)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net book value of disposed equipment and depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$ 1,480,691	
Loss on disposal of equipment	(12,937)	
Depreciation expense	<u>(2,245,695)</u>	(777,941)

Certain revenue in the Governmental Funds is deferred because it is not available soon enough after year-end to pay for the current period's expenditures. On the accrual basis, however, this revenue is recognized regardless of when it is collected. 47,422

Long-term debt proceeds and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of bond principal		3,300,000
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Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the (increase) in the amount reported in the Statement of Activities.

Change in compensated absences	\$ 24,301	
Change in other postemployment benefit liabilities	<u>(3,896,326)</u>	(3,872,025)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These include the change in accrued interest, amortization of bond premiums, and deferred amounts from refunding bonds.

Deferred amounts from refunding bonds	\$ (92,711)	
Amortization of premiums on obligations	333,794	
Change in accrued interest	<u>(8,604)</u>	232,479

(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 the governmental funds. This is the (increase) in proportionate share of net pension asset/liability.

ERS	\$ (137,553)	
TRS	<u>47,745</u>	<u>(89,808)</u>

Net Change in Net Position of Governmental Activities **\$ (2,611,191)**

See Independent Auditor's Report and Notes to Basic Financial Statements

WHITNEY POINT CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2017

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash - Unrestricted	\$ <u> </u>	\$ <u> 162,204</u>
Cash - Restricted	<u> 37,055</u>	<u> </u>
Investments - Restricted	<u> 330,881</u>	<u> </u>
Accounts receivable	<u> 555</u>	<u> -</u>
Total Assets	<u> 368,491</u>	\$ <u><u> 162,204</u></u>
 LIABILITIES		
Extraclassroom Activity balances	<u> </u>	\$ <u> 77,757</u>
Other liabilities	<u> </u>	<u> 84,447</u>
Total Liabilities	<u> -</u>	\$ <u><u> 162,204</u></u>
 NET POSITION		
Restricted for scholarships	\$ <u><u> 368,491</u></u>	

See Independent Auditor's Report and Notes to Basic Financial Statements

WHITNEY POINT CENTRAL SCHOOL DISTRICT

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

	Private Purpose Trust Fund
ADDITIONS	
Gifts and donations	\$ 23,281
Investment earnings	688
Total Additions	<u>23,969</u>
DEDUCTIONS	
Scholarships and awards	<u>45,019</u>
Change in Net Position	(21,050)
Net Position - Beginning of Year	<u>389,541</u>
Net Position - End of Year	\$ <u><u>368,491</u></u>

See Independent Auditor's Report and Notes to Basic Financial Statements

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

The accompanying financial statements of Whitney Point Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus."

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from Whitney Point Central School District's Business Office, at 10 Keibel Road, Whitney Point, New York 13862.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Joint Venture

The School District is one of fifteen component school districts in the Broome-Tioga 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 §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 (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the 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, §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 a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

Basis of Presentation - District-wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration and finance. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements

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

The School District reports the following Major Governmental Funds:

- **General Fund:** The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - **Special Aid Fund:** Used to account for proceeds received from State and federal grants that are restricted for special educational programs.
 - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
- **Capital Projects Fund:** Accounts for the financial resources used for the renovation of the educational complex and to purchase School District buses.
- **Debt Service Fund:** Accounts for the accumulation of resources and payment of principal and interest on long-term general obligation debt of Governmental Activities.

Fiduciary Activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

The School District reports the following Fiduciary Funds:

- **Private-Purpose Trust Fund:** Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements because their resources do not belong to the School District and are not available to be used.
- **Agency Funds:** Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting

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

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

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

Cash and Investments

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State.

Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Investments are stated at fair value.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses the straight-line method of depreciation. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 5,000	30 - 40 years
Furniture and equipment	5,000	Various

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Vested Employee Benefits - Compensated Absences

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the 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 Governmental Fund financial 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.

Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with employment contracts. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statements of Net Position, in accordance with the statement. See Note 12 for additional information.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Unearned and Unavailable Revenue

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed and revenues are recorded.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications - District-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Equity Classifications - Governmental Fund Financial Statements - Continued

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit fund balance. By resolution, the Board of Education authorized Patricia Follette, Superintendent to assign fund balance. The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvements that were financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvements. This reserve is accounted for in the Debt Service Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due 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. This reserve is accounted for in the General Fund.
- Employees' Retirement System Reserve (GML §6-r) - Used to reserve funds for the purpose of financing retirement contributions. 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. This reserve is accounted for in the General Fund.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Legally Adopted Reserves - Continued

- Tax Certiorari Reserve (Education Law §3651.1-a) - Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.
- Capital Reserve (Education Law §3651) - 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 §3651 of the Education Law. This reserve is accounted for in the General Fund.

Property Taxes - Calendar

Real property taxes are levied annually by the Board of Education no later than September 2, and became a lien on August 30, 2016. Taxes were collected during the period September 1 to November 5, 2016.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Broome, Chenango, Cortland, and Tioga. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the Counties to the School District no later than the following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District reports deferred outflows related to pensions in the District-wide Statement of Net Position. The types of deferred outflows related to pensions are described in Note 11.

In addition to liabilities, the Statement of Net Position reports 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 will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to pensions which are further described in Note 11.

New Accounting Standards

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the year ended June 30, 2017:

- GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 77, "Tax Abatement Disclosures," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14," effective for the year ended June 30, 2017.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

New Accounting Standards - Continued

- GASB has issued Statement No. 81, “Irrevocable Split-Interest Agreements,” effective for the year ended June 30, 2017.
- GASB has issued Statement No. 82, “Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73,” effective for the year ended June 30, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Future Changes in Accounting Standards

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

- GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,” effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.”
- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending June 30, 2019.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 85, “Omnibus 2017,” effective for the year ending June 30, 2018.
- GASB has issued Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ending June 30, 2018.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending June 30, 2021.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 2 Participation in BOCES

During the year ended June 30, 2017, the School District's share of BOCES income amounted to \$1,821,592. The School District was billed \$4,853,095 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York 13905.

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$10,478,288 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash of the Governmental Funds at June 30, 2017 consisted of the following:

General Fund reserves	\$	5,467,343
Debt services		1,613,479
Capital unspent debt proceeds		203,479
School lunch		<u>10,677</u>
Total	\$	<u><u>7,294,978</u></u>

Restricted cash of the School District's Fiduciary Funds at June 30, 2017 consisted of the following:

Scholarship Funds	\$	<u>37,055</u>
Total	\$	<u><u>37,055</u></u>

Note 4 Investments, Fair Value Measurements, Concentration of Interest and Foreign Currency Risk

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

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 4 Investments, Fair Value Measurements, Concentration of Interest and Foreign Currency Risk - Continued

FASB ASC 820, "Fair Value Measurements and Disclosures," establishes a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Carrying Amount Fair Value	Type of Investment	Level
Private Purpose Trust Fund	\$ 12,881	Stock Certificate of	(1)
Private Purpose Trust Fund	318,000	Deposit	N/A
Total	\$ 330,881		

The School District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The School District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 5 Other Receivables

Other receivables consisted of the following, which are stated at net realizable value.

	Description	Amount
General Fund	Miscellaneous	\$ 159,804
School Lunch Fund	Meal charges	9,092
Total		\$ 168,896

Note 6 Interfund Balances and Activity

Interfund balances at June 30, 2017, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 674,324	\$ 107	\$ 800,000	\$ 74,835
Special Aid Fund		607,837	24,833	
Capital Project Fund		6,222		6,201
School Lunch Fund		66,467	50,002	
Debt Service Fund	6,309		6,201	800,000
Total	\$ 680,633	\$ 680,633	\$ 881,036	\$ 881,036

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 7 Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital assets that are not depreciated				
Land	\$ 12,730	\$	\$	\$ 12,730
Construction in progress	1,212,044	923,719		2,135,763
Total Nondepreciable Historical Cost	<u>1,224,774</u>	<u>923,719</u>	<u>-</u>	<u>2,148,493</u>
Capital assets that are depreciated				
Buildings	74,123,710			74,123,710
Furniture and equipment	8,534,135	556,972	(184,584)	8,906,523
Total Depreciable Historical Cost	<u>82,657,845</u>	<u>556,972</u>	<u>(184,584)</u>	<u>83,030,233</u>
Total Historical Cost	<u>83,882,619</u>	<u>1,480,691</u>	<u>(184,584)</u>	<u>85,178,726</u>
Less accumulated depreciation				
Buildings	(17,293,535)	(1,760,215)		(19,053,750)
Furniture and equipment	(6,212,234)	(485,480)	171,647	(6,526,067)
Total Accumulated Depreciation	<u>(23,505,769)</u>	<u>(2,245,695)</u>	<u>171,647</u>	<u>(25,579,817)</u>
Total Historical Cost, Net	\$ <u>60,376,850</u>	\$ <u>(765,004)</u>	\$ <u>(12,937)</u>	\$ <u>59,598,909</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 107,010
Instruction	1,683,414
Pupil transportations	424,599
School lunch program	<u>30,672</u>
Total	\$ <u>2,245,695</u>

Note 8 Short-term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs or TANs during the year.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 8 Short-term Debt - Continued

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

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

During the year, a new construction BAN was issued in the amount of \$ \$1,895,263.

<u>Description of Issue:</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2017</u>
2017 Capital Project	8/18/2016	8/18/2017	1.02%	\$ <u>1,895,263</u>
Total				\$ <u><u>1,895,263</u></u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refinanced/ Redeemed</u>	<u>Ending Balance</u>
BANs	\$ <u> </u>	\$ <u>1,895,263</u>	\$ <u> </u>	\$ <u>1,895,263</u>
Total	\$ <u> </u>	\$ <u>1,895,263</u>	\$ <u> </u>	\$ <u>1,895,263</u>

Interest on short-term debt for the year was comprised of:

Interest paid	\$
Less interest accrued in the prior year	
Plus interest accrued in the current year	<u>16,472</u>
Total	\$ <u><u>16,472</u></u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 9 Long-term Debt

At June 30, 2017, the total outstanding indebtedness of the School District represented 80.21% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- Dormitory Authority of the State of New York (DASNY) Bonds - The School District has entered into financing agreements with (DASNY) to finance its educational reconstruction projects. The DASNY bonds for these projects will be repaid from the appropriations received from the State of New York.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2017:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2017</u>
Serial Bonds				
Roof Reconstruction	6/15/2008	6/15/2020	3.62% - 4.50%	\$ 115,000
Reconstruction and renovation	6/24/2010	6/15/2024	4.25%	215,000
Construction and reconstruction	6/10/2015	6/15/2029	2.00% - 3.00%	5,170,000
Statutory Installment Bonds				
Purchase school buses	6/15/2013	6/15/2018	2.12%	75,000
Purchase school buses	6/19/2014	6/15/2019	1.94%	185,000
Purchase school buses	8/06/2015	6/15/2020	2.66%	270,000
DASNY Bonds				
Reconstruction and renovation	6/11/2008	6/01/2023	5.25%	\$ 915,000
Reconstruction and renovation	6/08/2011	6/15/2026	3.00% - 5.00%	18,675,000
Refunding of 2008 Bonds	5/27/2016	6/01/2023	2.00% - 5.00%	4,620,000
Total				\$ <u><u>30,240,000</u></u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 9 Long-term Debt - Continued

Interest expense on long-term debt during the year was comprised of the following:

Interest paid	\$	1,467,799
Less interest accrued in the prior year		(63,148)
Plus interest accrued in the current year		55,280
Plus amortization of deferred charges on defeased debt		92,711
Less amortization of bond premium, DASNY bonds		<u>(333,794)</u>
Total	\$	<u><u>1,218,848</u></u>

Interest rates on the serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds	\$ 33,540,000	\$	\$ (3,300,000)	\$ 30,240,000	\$ 3,345,000
DASNY bond premium	2,584,627		(333,794)	2,250,833	333,726
Total	\$ <u>36,124,627</u>	\$ -	\$ <u>(3,633,794)</u>	\$ <u>32,490,833</u>	\$ <u>3,678,726</u>

Deferred charges on defeased debt related to the 2016 bond refunding are amortized over the life of the bonds and activities for the year is summarized below:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Deferred charges on defeased debt	\$ (466,078)	\$	\$ 92,711	\$ (373,367)	\$ 92,663
Total	\$ <u>(466,078)</u>	\$ -	\$ <u>92,711</u>	\$ <u>(373,367)</u>	\$ <u>92,663</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 9 Long-term Debt - Continued

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,345,000	\$ 1,322,590	\$ 4,667,590
2019	3,430,000	1,172,570	4,602,570
2020	3,410,000	1,038,131	4,448,131
2021	3,450,000	895,463	4,345,463
2022	3,610,000	735,787	4,345,787
2023-2027	12,185,000	1,502,875	13,687,875
2028-2029	810,000	32,513	842,513
Total	\$ 30,240,000	\$ 6,699,929	\$ 36,939,929

On May 27, 2016, \$4,635,000 in general obligation bonds, with variable interest rates ranging from 2.0%-5.0% were issued to advance refund the refunding of \$4,720,000 of outstanding bonds, with an interest rate of 5.0%. The net proceeds of \$5,218,045 (after payment of fiscal agent fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The outstanding principal of the defeased bonds was \$3,755,000 at June 30, 2017.

Note 10 Other Long-term Obligations

Other Long-term Obligations - In addition to the above long-term debt, the School District had the following noncurrent liabilities:

- **Compensated Absences:** Represents the value of the earned and unused portion of the noncurrent liability for compensated absences. This liability is liquidated from the General Fund.
- **Other Postemployment Benefit Liabilities:** Represents the expected obligation for the postretirement health care benefits program. This liability is liquidated from the General and School Lunch funds. See Note 12 for further information.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 10 Other Long-term Obligations - Continued

A summary of the 2016-2017 activity follows.

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated absences	\$ 1,064,067	\$	\$ (24,301)	\$ 1,039,766
Other postemployment benefits liability	22,770,981	5,823,809	(1,927,483)	26,667,307
Total	\$ 23,835,048	\$ 5,823,809	\$ (1,951,784)	\$ 27,707,073

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)

Plan Descriptions and Benefits Provided - Teachers' Retirement System (TRS)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a 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, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Plan Descriptions and Benefits Provided - Employees' Retirement System (ERS)

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

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% 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.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Contributions

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

		<u>ERS</u>		<u>TRS</u>
2017	\$	382,851	\$	1,369,170
2016		448,178		1,788,716
2015		444,026		1,603,442

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

At June 30, 2017, the School District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The School District's proportionate share of the net pension liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	<u>ERS</u>		<u>TRS</u>
Actuarial valuation date	4/1/2016		6/30/2015
Net pension liability	\$ 9,396,223,126	\$	1,071,041,940
School District's proportionate share of the Plan's total net pension liability	902,990		712,103
School District's share of the net pension (asset) liability	0.0096101%		0.066487%

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

For the year ended June 30, 2017, the School District recognized pension expense of \$519,140 for ERS and \$1,184,551 for TRS in the District-wide financial statements. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 22,628		\$ 137,124	\$ 231,331
Changes of assumptions	308,495	4,056,593		
Net differences between projected and actual earnings on pension plan investments	180,364	1,601,182		
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	20,989	58,797	12,292	18,563
School District's contributions subsequent to the measurement date	96,492	1,241,042		
Total	\$ 628,968	\$ 6,957,614	\$ 149,416	\$ 249,894

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

Year Ended	ERS	TRS
2018	\$ 172,806	\$ 502,220
2019	172,806	502,220
2020	159,443	1,745,742
2021	(121,995)	1,358,846
2022		626,961
Thereafter		730,689

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Investment rate of return	7.0%	7.5%
Salary increases	3.8%	1.9%-4.72%
Cost of living adjustments	1.3%	1.5%
Inflation rate	2.5%	2.5%

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

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

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

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Asset Type:		
Domestic equities	4.55%	6.1%
International equities	6.35%	7.3%
Real estate	5.80%	5.4%
Private equity/Alternative investments	7.75%	9.2%
Absolute return strategies	4.00%	
Opportunistic portfolio	5.89%	
Real assets	5.54%	
Cash	-0.25%	
Inflation-indexed bonds	1.50%	
Domestic fixed income securities		1.0%
Global fixed income securities		0.8%
Mortgages and bonds	1.31%	3.1%
Short-term		0.1%

Discount Rate

The discount rate used to calculate the total pension (asset) liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

The following presents the School District's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the School District's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension (asset) liability	\$ 2,883,972	\$ 902,990	\$ (771,926)

TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension (asset) liability	\$ 9,291,005	\$ 712,103	\$ (6,483,430)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Employers' total pension (asset)	\$ 177,400,586	\$ 108,577,184
Plan net position	(168,004,363)	(107,506,142)
Employers' net pension (asset) liability	\$ 9,396,223	\$ 1,071,042
Ratio of Plan Net Position to the Employers' Total Pension (Asset) Liability	94.7%	99.0%

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$96,492.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October, and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$1,309,660.

Effect on Net Position

Changes in the net pension (asset) liability and deferred outflows and inflows of resources for the year ended June 30, 2017 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS:			
Net pension liability	\$ 1,570,194	\$ (667,204)	\$ 902,990
Deferred outflows of resources	(1,480,427)	851,459	(628,968)
Deferred inflows of resources	196,118	(46,702)	149,416
Subtotal	285,885	137,553	423,438
TRS:			
Net pension (asset) liability	(7,008,420)	7,720,523	712,103
Deferred outflows of resources	(1,370,154)	(5,587,460)	(6,957,614)
Deferred inflows of resources	2,430,702	(2,180,808)	249,894
Subtotal	(5,947,872)	(47,745)	(5,995,617)
Total	\$ (5,661,987)	\$ 89,808	\$ (5,572,179)

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 12 Postemployment Benefits Other than Pensions

The School District has adopted GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.” In the past, the School District reported the cost of its retiree health care postretirement benefits on a “pay-as-you-go” basis. Based on GASB Statement No. 45 guidelines, an employer with more than 200 participants must complete a full actuarial valuation at least biennially. However, a new valuation is required if significant changes have occurred since the previous actuarial valuation.

The most recent valuation is based on plan data submitted for the actuarial valuation of the School District’s Postretirement Health Care Plan (Plan) performed as of July 1, 2016 for the fiscal year ended June 30, 2017.

The Plan is a single-employer, defined benefit healthcare plan administered by the School District. The Plan provides medical and dental benefits to eligible retirees and their eligible dependents. Benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated during each new contract agreement. The Plan does not issue a stand-alone financial report.

The contribution requirements of Plan members and the School District are established and may be amended by the School District. The School District has negotiated several collective bargaining agreements, which include obligations of Plan members and the School District. The required contribution is based on projected pay-as-you-go financing requirements.

For the year ended June 30, 2017, 184 retirees of the Plan were eligible to receive benefits. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the Plan are paid by the School District.

The School District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and accumulate sufficient total accruals for all postretirement benefits when due.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 12 Postemployment Benefits Other than Pensions - Continued

The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation to the School District's Plan:

Normal cost	\$	2,679,086
Amortization of unfunded actuarial accrued liability (UAAL)		3,466,517
Interest		122,912
Total Annual Required Contribution		6,268,515
Interest on net OPEB obligation		683,129
Adjustment to annual required contribution		(1,127,835)
Annual OPEB Cost (Expense)		5,823,809
Expected employer contributions		(1,927,483)
Increase in Net OPEB Obligation		3,896,326
 Net OPEB Obligation - July 1, 2016		 22,770,981
 Net OPEB Obligation - June 30, 2017	\$	26,667,307

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017, and the two preceding years, is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 5,823,809	33.1%	\$ 26,667,307
6/30/2016	5,863,727	38.9%	22,770,981
6/30/2015	5,822,415	34.5%	19,189,246

Funded Status and Funding Progress - As of June 30, 2017, the Plan was not funded. The actuarial accrued liability for benefits was \$75,709,696; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$11,988,606 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 631.5%.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 12 Postemployment Benefits Other than Pensions - Continued

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

In the July 1, 2016 actuarial valuation report, the most recent actuarial valuation date, the projected unit cost method was used. The actuarial value of assets was determined as the accumulation of prior accruals, less benefits paid. Actuarial assumptions included an investment rate of return of 3.0%. Additional actuarial assumptions included an annual medical cost trend rate of 7.5% initially then reduced by 0.5% decrements to an ultimate rate of 4.5% after five years. The remaining amortization period at June 30, 2017 was 30 years.

Note 13 Commitments and Contingencies

Risk Financing and Related Insurance - General Information

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

Risk Financing and Related Insurance - Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to the May 1, immediately preceding the commencement of the next school year. Plan members include 15 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

***Note 13* Commitments and Contingencies - Continued**

Risk Financing and Related Insurance - Health Insurance - Continued

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

During the year ended June 30, 2017, the School District incurred premiums or contribution expenditures totaling \$5,566,603.

Other Items

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

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 14 Fund Balance Detail

At June 30, 2017, nonspendable, restricted and assigned fund balance in the governmental funds was as follows:

	General Fund	School Lunch Fund	Debt Service Fund
Nonspendable			
Inventory	\$	\$ 25,152	\$
Prepaid expenses	41,251		
Total Nonspendable Fund Balance	\$ 41,251	\$ 25,152	\$ -
Restricted			
Retirement contribution reserve	\$ 2,151,982	\$	\$
Tax certiorari reserve	18,360		
Unemployment insurance reserve	515,868		
Employee benefit accrued liability reserve	734,594		
Capital reserve	2,046,539		
School lunch		59,316	
Debt			1,613,479
Total Restricted Fund Balance	\$ 5,467,343	\$ 59,316	\$ 1,613,479
Assigned			
Appropriated for next year's budget	\$ 500,000	\$	\$
Encumbered for:			
General support	74,443		
Instruction	56,051		
Pupil transportation	8,139		
Total Assigned Fund Balance	\$ 638,633	\$ -	\$ -

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 15 Restricted Fund Balances

Portions of fund balance are reserved and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund restricted reserves and Debt Service Fund for the year ended June 30, 2017 were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Unemployment insurance reserve	\$ 520,641	\$	\$ 508	\$ (5,281)	\$ 515,868
Retirement contribution reserve	2,149,720		2,262		2,151,982
Tax certiorari reserve	18,342		18		18,360
Employee benefit accrued liability reserve	733,878		716		734,594
Capital reserve	1,420,014	625,000	1,525		2,046,539
Total	\$ 4,842,595	\$ 625,000	\$ 5,029	\$ (5,281)	\$ 5,467,343
Debt Service Fund	\$ 2,405,106	\$ 6,201	\$ 2,172	\$ (800,000)	\$ 1,613,479

Note 16 Stewardship, Compliance, and Accountability - Deficit Net Position

Deficit Net Position

At June 30, 2017, the District-wide Statement of Net Position had an unrestricted net deficit of \$(19,289,853). This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (See Note 12). The deficit is not expected to be eliminated during the normal course of operations.

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$(1,021,875) at June 30, 2017. This deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real property taxes	\$ 7,853,813	\$ 6,309,363	\$ 6,299,189	\$ (10,174)
Other tax items	<u>30,000</u>	<u>1,574,450</u>	<u>1,574,931</u>	<u>481</u>
Charges for services	<u>26,000</u>	<u>26,000</u>	<u>106,286</u>	<u>80,286</u>
Use of money and property	<u>130,000</u>	<u>130,000</u>	<u>141,996</u>	<u>11,996</u>
Sale of property and compensation for loss	<u>15,000</u>	<u>15,000</u>	<u>17,804</u>	<u>2,804</u>
Miscellaneous	<u>763,725</u>	<u>763,725</u>	<u>933,994</u>	<u>170,269</u>
Total Local Sources	<u>8,818,538</u>	<u>8,818,538</u>	<u>9,074,200</u>	<u>255,662</u>
State sources	<u>24,266,102</u>	<u>24,266,102</u>	<u>23,450,888</u>	<u>(815,214)</u>
Medicaid reimbursement	<u>50,000</u>	<u>50,000</u>	<u>59,253</u>	<u>9,253</u>
Total Revenues	<u>33,134,640</u>	<u>33,134,640</u>	<u>32,584,341</u>	<u>(550,299)</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>100,000</u>	<u>100,000</u>	<u>800,000</u>	<u>700,000</u>
Total Revenues and Other Financing Sources	<u>33,234,640</u>	<u>33,234,640</u>	<u>\$ 33,384,341</u>	<u>\$ 149,701</u>
Appropriated Fund Balance	<u>500,000</u>	<u>500,000</u>		
Appropriated Reserves	<u>317,000</u>	<u>317,000</u>		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	<u>150,168</u>	<u>150,168</u>		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 34,201,808</u>	<u>\$ 34,201,808</u>		

See Independent Auditor's Report and Notes to Required Supplementary Information

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES		
General Support		
Board of Education	\$ 8,236	\$ 8,236
Central administration	199,328	201,065
Finance	471,563	471,765
Staff	91,953	95,499
Central services	2,045,742	2,134,412
Special items	296,504	296,504
Total General Support	<u>3,113,326</u>	<u>3,207,481</u>
Instruction		
Instruction, administration, and improvement	865,914	895,969
Teaching - Regular school	7,640,705	7,662,323
Programs for children with handicapping conditions	3,838,412	3,217,268
Occupational education	733,820	746,884
Teaching - Special school	294,621	459,437
Instructional media	1,228,582	1,263,223
Pupil services	1,351,376	1,434,988
Total Instruction	<u>15,953,430</u>	<u>15,680,092</u>
Pupil transportation	1,887,860	1,870,835
Community services	2,250	3,951
Employee benefits	8,405,293	8,549,800
Debt Service		
Principal	3,295,000	3,300,000
Interest	1,509,149	1,504,149
Total Debt Service	<u>4,804,149</u>	<u>4,804,149</u>
Total Expenditures	<u>34,166,308</u>	<u>34,116,308</u>
OTHER FINANCING USES		
Operating transfers out	35,500	85,500
Total Expenditures and Other Financing Uses	<u>\$ 34,201,808</u>	<u>\$ 34,201,808</u>

Net Change in Fund Balance

Fund Balance - Beginning of Year

Fund Balance - End of Year

See Independent Auditor's Report and Notes to Required Supplementary Information

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 6,642	\$	\$ 1,594
199,606		1,459
449,814	419	21,532
68,298	1,903	25,298
1,761,694	72,121	300,597
282,223		14,281
2,768,277	74,443	364,761
871,342		24,627
7,597,207	22,474	42,642
3,187,511	1,127	28,630
746,883		1
456,335		3,102
1,261,829		1,394
1,381,974	32,450	20,564
15,503,081	56,051	120,960
1,464,794	8,139	397,902
3,517		434
8,155,933		393,867
3,300,000		-
1,467,799		36,350
4,767,799	-	36,350
32,663,401	138,633	1,314,274
74,835		10,665
32,738,236	\$ 138,633	\$ 1,324,939
646,105		
6,835,382		
\$ 7,481,487		

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

<u>Year End Date</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2017	7/1/2016	\$ -	\$ 75,709,696	\$ 75,709,696	-0-%	\$ 11,988,606	631.5%
6/30/2016	7/1/2014	-	62,340,856	62,340,856	-0-%	12,959,251	481.1%
6/30/2015	7/1/2014	-	62,340,856	62,340,856	-0-%	12,959,251	481.1%
6/30/2014	7/1/2012	-	52,216,378	52,216,378	-0-%	11,003,754	474.5%
6/30/2013	7/1/2012	-	52,216,378	52,216,378	-0-%	11,003,754	474.5%

See Independent Auditor's Report and Notes to Required Supplementary Information

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2017	2016	2015
Contractually required contribution	\$ 382,851	\$ 448,178	\$ 444,026
Contributions in relation to the contractually required contribution	382,851	448,178	444,026
Contribution deficiency (excess)	-	-	-
School District's covered - employee payroll for year ending June 30,	2,606,493	2,552,169	2,445,134
Contributions as a percentage of covered - employee payroll	14.7%	17.6%	18.2%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2017	2016	2015
Contractually required contribution	\$ 1,241,042	\$ 1,369,170	\$ 1,788,716
Contributions in relation to the contractually required contribution	(1,241,042)	(1,369,170)	(1,788,716)
Contribution deficiency (excess)	-	-	-
School District's covered - employee payroll for year ending June 30,	10,589,096	10,325,566	10,221,234
Contributions as a percentage of covered - employee payroll	11.7%	13.3%	17.5%

See Independent Auditor's Report and Notes to Required Supplementary Information

2014	2013	2012	2011	2010	2009	2008
\$ 410,415	\$ 456,905	\$ 365,510	\$ 292,502	\$ 153,600	\$ 195,553	\$ 216,004
410,415	(456,905)	(365,510)	(292,502)	(153,600)	(195,553)	(216,004)
-	-	-	-	-	-	-
2,339,189	2,456,257	2,451,303	2,517,210	2,433,685	2,451,601	2,423,869
17.5%	18.6%	14.9%	11.6%	6.3%	8.0%	8.9%

2014	2013	2012	2011	2010	2009	2008
\$ 1,603,442	\$ 1,163,388	\$ 1,102,781	\$ 877,653	\$ 620,867	\$ 767,413	\$ 857,813
(1,603,442)	(1,163,388)	(1,102,781)	(877,653)	(620,867)	(767,413)	(857,813)
-	-	-	-	-	-	-
9,837,067	9,825,912	9,926,022	10,181,589	10,030,162	10,057,837	9,826,037
16.3%	11.8%	11.1%	8.6%	6.2%	7.6%	8.7%

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2017	2016	2015
School District's proportion of the net pension (asset) liability	0.0096101%	0.0097830%	0.94163%
School District's proportionate share of the net pension (asset) liability	\$ 902,990	\$ 1,570,194	\$ 318,104
School District's covered-employee payroll during the measurement period	2,561,131	2,493,387	2,414,474
School District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	35.3%	63.0%	13.2%
Plan fiduciary net position as a percentage of the total pension (asset) liability	94.7%	90.7%	97.9%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2017	2016	2015
School District's proportion of the net pension (asset) liability	0.066487%	0.067474%	0.066800%
School District's proportionate share of the net pension (asset) liability	\$ 712,103	\$ (7,008,420)	\$ (7,441,056)
School District's covered-employee payroll during the measurement period	10,325,566	10,221,234	9,837,067
School District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	6.9%	-68.6%	-75.6%
Plan fiduciary net position as a percentage of the total pension (asset) liability	99.0%	110.5%	111.5%

See Independent Auditor's Report and Notes to Required Supplementary Information

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 1 **Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them, because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Adopted Budget	\$	34,051,640
Carryover Encumbrances		<u>150,168</u>
Original Budget		<u>34,201,808</u>
Final Budget	\$	<u><u>34,201,808</u></u>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Revenue Funds are established in accordance with the applicable grant agreements. Special Revenue Funds may also cover a period other than the School District's fiscal year.

Note 2 **Reconciliation of the Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at June 30, 2017.

Note 3 **Schedule of Funding Progress**

The Schedule of Funding Progress, presented as required supplementary information presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 4 Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability
The Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability, required supplementary information, present three years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2015 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2015 actuarial valuation determines the employer rates for contributions payable in fiscal year 2017. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary scale	3.8% in ERS, indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.3% annually

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability - Continued

NYSTRS

Changes in Benefit Terms

504 of the Laws of 2009 created a new tier of membership (Tier 5) for members with a date of membership on or after January 1, 2010. The Tier 5 benefit structure represents a reduction in benefits from those of prior tiers and an increase in the required employee contribution rate. The Tier 5 benefit changes were first included in the 2010 actuarial valuation. Chapter 18 of the Laws of 2012 created a new tier of membership (Tier 6) for members who join on or after April 1, 2012. The Tier 6 benefit formula is slightly less generous than that of Tier 5, and the required employee contribution rate was increased further. The Tier 6 benefit changes were first included in the 2012 actuarial valuation.

Changes of Assumptions

Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated future experience. The actuarial assumptions used in the actuarial valuations prior to 2011 were adopted by the Retirement Board on October 26, 2006. Revised assumptions were adopted by the Retirement Board on October 27, 2011 and first used in the 2011 actuarial valuation. The actuarial assumptions were revised again in 2015. These assumptions were adopted by the Retirement Board on October 29, 2015 and first used in the 2015 actuarial valuation.

The System's valuation rate of interest of 7.5% is effective with the 2015 actuarial valuation. Prior to the 2015 actuarial valuation, the System's valuation rate of interest assumption was 8.0%.

Prior to the 2007 actuarial valuation, the asset valuation method used was a five-year market smoothing for equities, real estate, and alternative investments, based upon book values. The asset valuation method was changed effective with the 2007 actuarial valuation to use a five-year phased in deferred recognition of each year's realized and unrealized appreciation in excess of (or less than) an assumed inflationary gain of 3.0%. The asset valuation method was changed again effective with the 2015 actuarial valuation to recognize each year's net investment income/ loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is recognized at a rate of 20% per year, until fully recognized after five years. Prior to the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.75% annually. Effective with the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually. Effective with the 2015 actuarial valuation, COLAs are projected to increase at a rate of 1.50% annually.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ <u>34,051,640</u>
Prior year's encumbrances		<u>150,168</u>
Original Budget		<u>34,201,808</u>
Total Additions		<u>-</u>
Total Deductions		<u>-</u>
Final Budget		\$ <u>34,201,808</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next year's budget is a voter approved budget		\$ <u>35,088,746</u>
Maximum allowed (4% of the 2017-2018 budget)		\$ <u>1,403,550</u>

General Fund fund balance subject to §1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$	638,633
Unassigned fund balance		<u>1,334,260</u>
Total Unrestricted Fund Balance		<u>1,972,893</u>

Less:

Appropriated fund balance	\$	500,000
Encumbrances included in committed and assigned fund balance		<u>138,633</u>
Total Adjustments		<u>638,633</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law **\$ 1,334,260**

Actual Percentage 3.8%

See Independent Auditor's Report

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2017

	Expenditures					Total
	Original Budget	Revised Budget	Prior Years	Current Year	Interfund Transfer	
Buses - 2016-17	\$ 395,263	\$ 395,263	\$	\$ 389,062	\$ 6,201	\$ 395,263
Tioughnioga Riverside Academy - Reconstruction 0001-017	894,483	894,483	59,197			59,197
Senior High School - Reconstruction 0003-018		5,982,120		621,571		621,571
Senior High School - Reconstruction 0003-017	1,844,300	7,813,623	507,417	(315,394)		192,023
Caryl E. Adams Elementary School - Reconstruction 0004-011		3,055,241		327,319		327,319
Caryl E. Adams Elementary School - Reconstruction 0004-010	1,137,300	3,105,030	627,824	286,248		914,072
Bus Garage - Reconstruction 5009-006	169,429	169,429	8,457	3,973		12,430
Unredeemed BANs						-
Total	\$ 4,440,775	\$ 21,415,189	\$ 1,202,895	\$ 1,312,779	\$ 6,201	2,521,875

* Architectural and State approved budget modifications for subproject reallocations not yet finalized and available at this report date.

See Independent Auditor's Report

<u>Expenditures</u> <u>Unexpended</u> <u>Balance</u>	<u>Methods of Financing</u>			<u>Fund Balance</u> <u>(Deficit)</u> <u>June 30, 2017</u>	
	<u>Proceeds of</u> <u>Obligations</u>	<u>State Aid</u>	<u>Local</u> <u>Sources</u>		<u>Total</u>
\$ _____	\$ 395,263	\$ _____	\$ _____	\$ 395,263	\$ _____ -
835,286 *	_____	_____	73,818	73,818	14,621 *
5,360,549 *	754,860	_____	_____	754,860	133,289 *
7,621,600 *	_____	_____	632,745	632,745	440,722 *
2,727,922 *	397,509	_____	_____	397,509	70,190 *
2,190,958 *	347,631	_____	782,891	1,130,522	216,450 *
156,999 *	_____	_____	10,546	10,546	(1,884) *
_____	(1,895,263)	_____	_____	(1,895,263)	(1,895,263)
<u>\$ 18,893,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ (1,021,875)</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2017

Capital assets, net	\$ <u>59,598,909</u>
Add	
Short term portion deferred charges on defeased debt	<u>92,663</u>
Long term portion deferred charges on defeased debt	<u>280,704</u>
Deduct	
Bond anticipated notes	<u>(1,895,263)</u>
Short-term portion of bonds payable	<u>(3,345,000)</u>
Short-term portion of unamortized premium on bonds payable	<u>(333,726)</u>
Long-term portion of bonds payable	<u>(26,895,000)</u>
Long-term portion unamortized premium on bonds payable	<u>(1,917,107)</u>
Less: unspent bond proceeds	<u>203,479</u>
Net Investment in Capital Assets	\$ <u><u>25,789,659</u></u>

See Independent Auditor's Report

**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***

Board of Education
Whitney Point Central School District
Whitney Point, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Whitney Point Central School District (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 10, 2017

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Board of Education
Whitney Point Central School District
Whitney Point, New York

Report on Compliance for Each Major Federal Program

We have audited Whitney Point Central School District’s (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2017. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

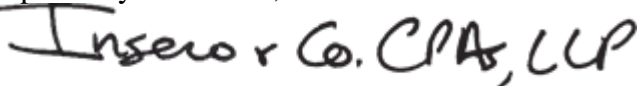
Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 10, 2017

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass - Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass - Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021170180	\$	\$ 312,543
Title I School Improvement Grants	84.010	0011172262		54,603
Title I School Improvement Grants	84.010	0011162136		23,728
Title I Total				<u>390,874</u>
Improving Teacher Quality State Grants	84.367	0147170180		101,867
Improving Teacher Quality State Grants	84.367	0147160180		810
Title IIA Total				<u>102,677</u>
Special Education Cluster:				
Special Education - Grants to States	84.027	0032170058		405,171
Special Education - Preschool Grants	84.173	0033170058		14,745
Special Education Cluster Total				<u>419,916</u>
Total U.S. Department of Education				<u>913,467</u>
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	03140106		427,764
School Breakfast Program	10.553	03140106		103,967
Child Nutrition Cluster Total				<u>531,731</u>
Total U.S. Department of Agriculture				<u>531,731</u>
Total Expenditures of Federal Awards			\$ -	\$ <u>1,445,198</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from Federal agencies, as well as Federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 Basis of Accounting

The basis of accounting varies by Federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the financial statements.

Note 3 Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The School District has not elected to use the 10% de minimus cost rate.

Note 4 Matching Costs

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented.

Note 5 Non-Monetary Federal Program

The School District is the recipient of a Federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2017, the School District received \$61,886 worth of commodities under the National School Lunch Program (CFDA #10.555).

Note 6 Subrecipients

No amounts were provided to subrecipients

Note 7 Other Disclosures

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value, and is covered by the School District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		<u>Unmodified</u>
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes	<u>X</u> none reported

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	<u>X</u> none reported
Type of auditor's report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516a?	___ yes	<u>X</u> no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B Programs	<u>750,000</u>
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Auditee qualified as low-risk?	<u>X</u> yes	___ no
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Section II - Financial Statement Finding

None

Section III - Federal Award Findings and Questioned Costs

None