

WHITNEY POINT CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2018

Independent Auditor's Report	1-3
Required Supplementary Information	
Management's Discussion and Analysis	4-4j
Basic Financial Statements	
District-wide Financial Statements	
Statement of Net Position	5-5a
Statement of Activities	6
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	7-7a
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Governmental Funds	9-9a
Reconciliation of Governmental Funds Statement of Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities	10
Statement of Fiduciary Net Position - Fiduciary Funds	11
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	12
Notes to Financial Statements	13-47
Required Supplementary Information	
Schedule of Revenues Compared to Budget (Non-GAAP) - General Fund	48
Schedule of Expenditures Compared to Budget (Non-GAAP) - General Fund	49-49a
Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans	50-50a
Schedules of School District's Proportionate Share of the Net Pension (Asset) Liability	51
Schedule of Changes in School District's Total OPEB Liability and Related Ratios	52-52a
Notes to Required Supplementary Information	53-56
Supplementary Financial Information	
Schedules of Change from Adopted Budget to Final Budget and	
the Real Property Tax Limit	57
Schedule of Project Expenditures - Capital Projects Fund	58-58a
Schedule of Net Investment in Capital Assets	59

WHITNEY POINT CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2018

Report Required Under <i>Government Auditing Standards</i> 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 <i>Government Auditing Standards</i>	60-61
Reports Required Under the Single Audit Act (Uniform Guidance) Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	62-63
Schedule of Expenditures of Federal Awards	64
Notes to Schedule of Expenditures of Federal Awards	65
Schedule of Findings and Questioned Costs	66

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, 2018, 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.

Emphasis of Matter

During the year ended June 30, 2018, the School District adopted a Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pension." As discussed in Notes 11 and 16 to the financial statements, net position as of June 30, 2017 was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

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, 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, Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, and related notes on pages 4-4j and 48-56 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 Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures - Capital Projects Fund, and Net Investment in Capital Assets (supplementary information) on pages 57-59 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, 2018 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, 2018

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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

- During the year ended June 30, 2018, the School District adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As a result, beginning net position was reduced by \$(52,249,839). GASB Statement No. 75 requires the School District to record its total liability, as well as deferred outflows and deferred inflows related to the OPEB plan. See Note 11 for more detailed information.
- The School District's 2018 financial position showed a decrease in net position of \$(1,724,280) compared to a net decrease of \$(2,611,191) in 2017.
- Revenues increased by \$1,774,330 and expenses increased by \$887,419.
- Overall indebtedness of the School District, in the amount of \$40,887,055 increased by \$6,500,959 from \$34,386,096 in 2017. This was primarily due to the issuance of a new bond anticipation note.
- Total fund balance in the General Fund, including reserves, was \$7,693,180 at June 30, 2018. Restricted fund balance of \$5,622,826 consisted of General Fund restricted reserves; assigned fund balance of \$604,696 consisted of encumbrances of \$104,696 and appropriations to support the 2018-2019 budget of \$500,000; and \$1,424,750 in unassigned fund balance, which is below the maximum limit (4% of 2018-2019 appropriations) permitted under New York State Real Property Tax Law.
- Capital asset additions during 2018 amounted to \$8,843,819. Depreciation expense totaled \$2,264,535.

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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

- 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 Changes in the District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial 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.

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:

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

- **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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<i>Current assets</i>	\$ 6,593,677	\$ 5,216,534	\$ (1,377,143)
<i>Noncurrent assets</i>	5,467,343	7,753,532	2,286,189
<i>Capital assets, net</i>	59,598,909	66,177,209	6,578,300
<i>Total Assets</i>	71,659,929	79,147,275	7,487,346
<i>Pensions</i>	7,586,582	7,556,107	(30,475)
<i>Other postemployment benefits</i>	-	584,463	584,463
<i>Deferred charges on defeased debt</i>	373,367	1,547,819	1,174,452
<i>Total Deferred Outflows of Resources</i>	7,959,949	9,688,389	1,728,440
<i>Current liabilities</i>	7,446,351	16,954,463	9,508,112
<i>Noncurrent liabilities</i>	110,384,112	109,813,182	(570,930)
<i>Total Liabilities</i>	117,830,463	126,767,645	8,937,182
<i>Pensions</i>	399,310	2,402,194	2,002,884
<i>Total Deferred Inflows of Resources</i>	399,310	2,402,194	2,002,884
<i>Net investment in capital assets</i>	25,789,659	27,258,381	1,468,722
<i>Restricted</i>	7,140,138	7,262,343	122,205
<i>Unrestricted</i>	(71,539,692)	(74,854,899)	(3,315,207)
<i>Total Net (Deficit)</i>	\$ (38,609,895)	\$ (40,334,175)	\$ (1,724,280)

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Total assets increased 10.4%. The increase is primarily the result of a change in net capital assets as capital outlay exceeded depreciation expense. Further, the changes in current and noncurrent assets are the result of changes in the classification of current and noncurrent restricted cash, primarily cash restricted for debt service.

Deferred outflows of resources and deferred inflows of resources increased 21.7% and 501.6%, respectively. These increases are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as the School District's implementation of GASB Statement No. 75.

Total liabilities increased 7.6%. This change is primarily due to the increase in bond anticipation note payable of \$8,813,751.

The School District experienced a decrease in net investment in capital assets, primarily due to the change in bond anticipation notes. Restricted net position increased 1.7%, primarily due to an overall increase in the reserves in the General Fund. Finally, the unrestricted deficit increased as a result of excess expenses over revenue.

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>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for services</i>	\$ 408,994	\$ 366,480	\$ (42,514)
<i>Operating grants and contributions</i>	2,611,245	2,951,020	339,775
<i>General Revenues:</i>			
<i>Real property taxes</i>	6,299,189	6,424,763	125,574
<i>Real property tax items</i>	1,574,931	1,553,648	(21,283)
<i>State sources</i>	23,450,523	24,998,520	1,547,997
<i>Use of money and property</i>	144,168	198,273	54,105
<i>Other general revenues</i>	938,861	709,537	(229,324)
Total Revenues	\$ 35,427,911	\$ 37,202,241	\$ 1,774,330
PROGRAM EXPENSES			
<i>General support</i>	\$ 3,684,226	\$ 4,055,643	\$ 371,417
<i>Instruction</i>	29,482,183	29,822,535	340,352
<i>Pupil transportation</i>	2,690,123	2,938,211	248,088
<i>Community service</i>	146,780	6,046	(140,734)
<i>School lunch program</i>	800,470	1,106,894	306,424
<i>Interest on debt</i>	1,235,320	997,192	(238,128)
Total Expenses	\$ 38,039,102	\$ 38,926,521	\$ 887,419
(DECREASE) IN NET POSITION	\$ (2,611,191)	\$ (1,724,280)	\$ 886,911

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Total revenues for the School District's Governmental Activities increased by 5.0%, offset by increased expenses of 2.3%. The increase in revenue is primarily the result of an increase in state aid, namely excess cost aid of \$1,322,213. The increase in expenses is largely due to a general increase in salaries, employee benefits, and school lunch food purchases resulting from the implementation of school-wide free breakfast.

Figures 3 and 4 show the sources of revenue for 2018 and 2017.

Figure 3

Sources of Revenue for 2018

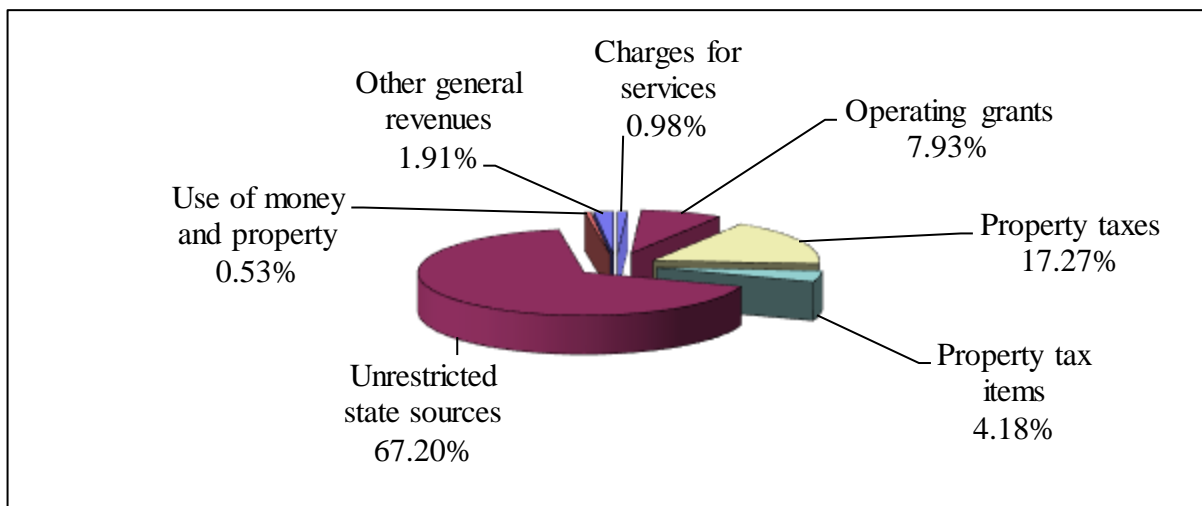
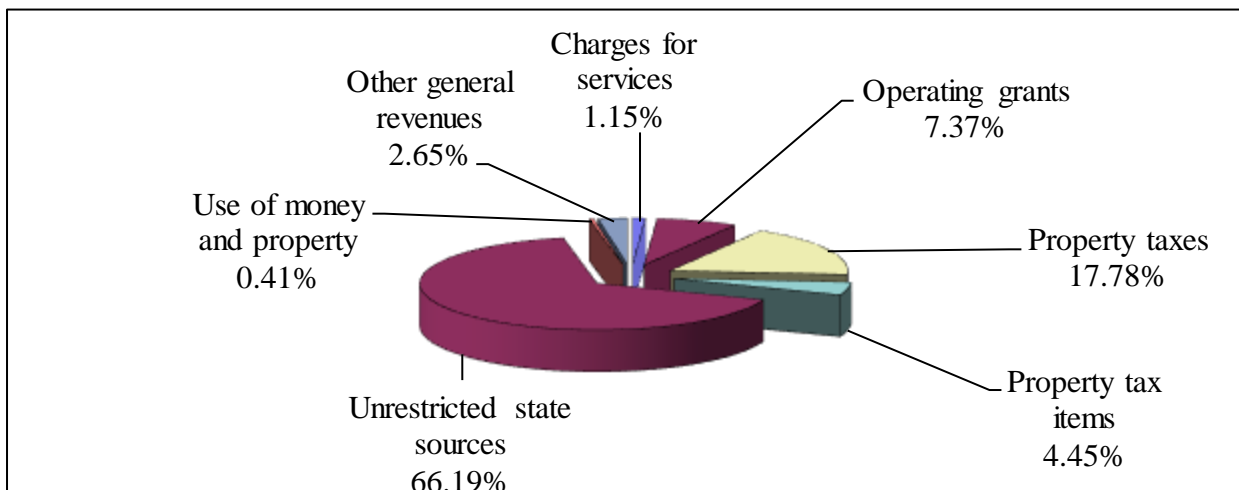


Figure 4

Sources of Revenue for 2017



WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Figures 5 and 6 present the cost of each of the School District's programs for 2018 and 2017.

Figure 5

Cost of Programs for 2018

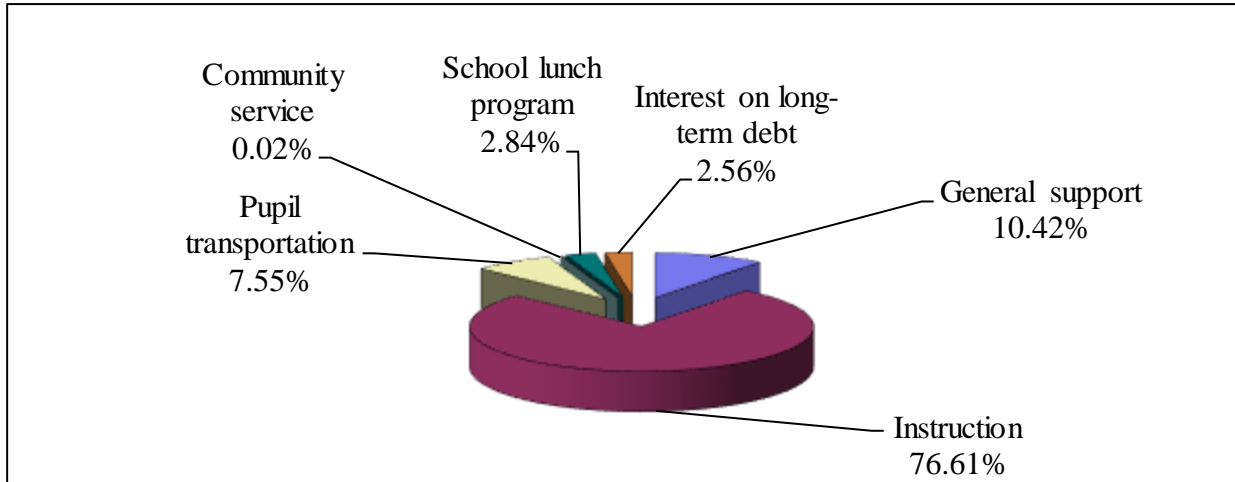
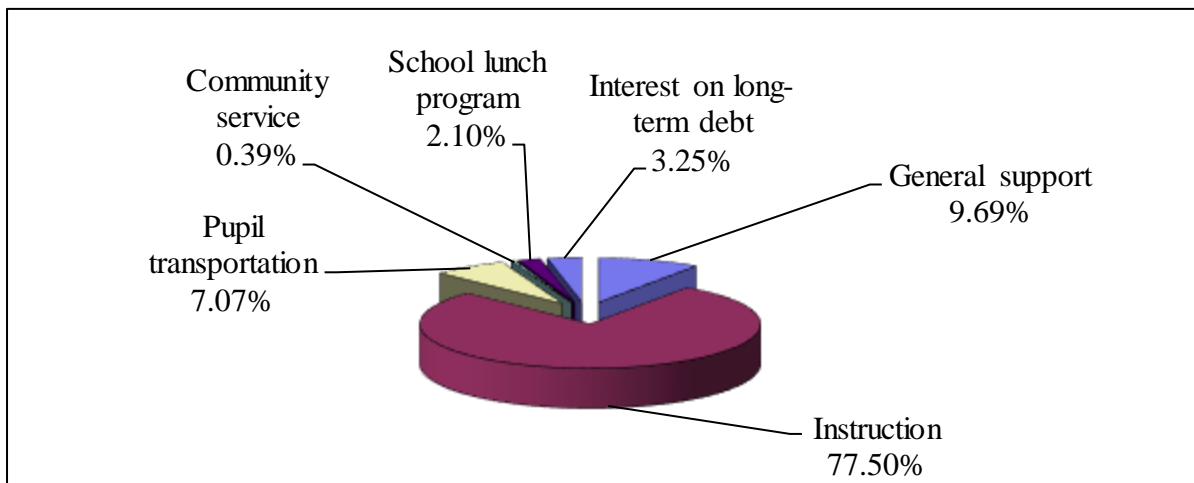


Figure 6

Cost of Programs for 2017



WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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. The School District experienced a decrease in total fund balance, which is primarily attributable to the excess expenditures of \$8,808,059 over other financing sources of \$79,052 in the Capital Projects Fund. The deficit in the Capital Fund will be eliminated through long-term financing of short-term debt.

Figure 7

<i>Governmental Fund Balances</i>	<i>2017</i>	<i>2018</i>	<i>Total Dollar Change 2017-2018</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 7,481,487	\$ 7,693,180	\$ 211,693
<i>School Lunch Fund</i>	84,468	36,876	(47,592)
<i>Debt Service Fund</i>	1,613,479	1,627,856	14,377
<i>Capital Projects Fund</i>	(1,021,875)	(9,750,882)	(8,729,007)
<i>Total Governmental Funds</i>	\$ 8,157,559	\$ (392,970)	\$ (8,550,529)

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 below the budgetary estimates by 0.3% while expenditures were below the revised budget by 3.3%. Expenditures were below revised appropriations largely as a result of lower than originally budgeted expenditures for employee benefits and debt service expenses.

Figure 8 summarizes the original and final budgets, actual expenditures (including encumbrances), and variances for the year ended June 30, 2018.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2018</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>	\$ 7,961,608	\$ 6,438,232	\$ 6,424,763	\$ (13,469)
<i>Other tax items</i>	30,000	1,553,376	1,553,648	272
<i>Charges for services</i>	51,000	51,000	71,503	20,503
<i>State sources</i>	25,266,638	25,266,638	25,042,642	(223,996)
<i>Other, including financing sources</i>	962,500	962,500	1,069,611	107,111
Total Revenues and Other Financing Sources	\$ 34,271,746	\$ 34,271,746	\$ 34,162,167	\$ (109,579)
Appropriated Fund Balances	\$ 955,633	\$ 955,633	\$ -	\$ -
EXPENDITURES				
<i>General support</i>	\$ 3,136,845	3,158,634	\$ 2,855,009	\$ 303,625
<i>Instruction</i>	16,486,468	16,430,684	16,272,758	157,926
<i>Pupil transportation</i>	1,801,923	1,807,434	1,668,871	138,563
<i>Community service</i>	1,750	3,700	3,585	115
<i>Employee benefits</i>	8,788,919	8,815,453	8,545,607	269,846
<i>Debt service</i>	4,975,974	4,975,974	4,680,195	295,779
<i>Other financing uses</i>	35,500	35,500	29,145	6,355
Total Expenditures and Other Financing (Uses)	\$ 35,227,379	\$ 35,227,379	\$ 34,055,170	\$ 1,172,209

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the School District had invested in a broad range of capital assets totaling \$93,689,966 offset by accumulated depreciation of \$27,512,757. *Figure 9* shows the changes in the School District's capital assets.

Figure 9

<i>Changes in Capital Assets</i>	<i>2017</i>	<i>2018</i>	<i>Total Dollar Change 2017-2018</i>
<i>Land</i>	\$ 12,730	\$ 12,730	\$ -
<i>Construction in progress</i>	2,135,763	10,551,018	8,415,255
<i>Buildings, net</i>	55,069,960	53,325,731	(1,744,229)
<i>Equipment, net</i>	2,380,456	2,287,730	(92,726)
Total	\$ 59,598,909	\$ 66,177,209	\$ 6,578,300

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

Capital asset activity for the year ended June 30, 2018 included the following:

Construction in progress	\$	8,415,255
Buildings and improvements		15,474
Buses		392,803
Equipment		20,287
Total additions		8,843,819
Less net book value of disposed equipment		(984)
Less depreciation expense		(2,264,535)
Net Increase in Capital Assets	\$	6,578,300

Debt Administration

Figure 10 shows the changes in the School District's outstanding debt. Total indebtedness represented 70.17% of the constitutional debt limit.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017-2018</i>
<i>Serial bonds</i>	\$ 32,490,833	\$ 30,178,041	\$ (2,312,792)
<i>Bond anticipation notes</i>	1,895,263	10,709,014	8,813,751
<i>Total</i>	\$ 34,386,096	\$ 40,887,055	\$ 6,500,959

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these 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, 2018

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting 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, which funds 73% 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 in increasing its tax base to meet increasing operational costs. As a result, the school district tax levy has not increased by more than 2.0% in any of the previous seven years. As this trend continues the School District will continue to implement cost saving efficiencies and planned utilization of fund balances to limit reliance on School District tax increases to fund operating expenses.
- Assessed property values in the School District had a slight increase in property value from the previous year when comparing 2017-18 (\$377,304,784) to 2018-19 (\$378,221,231). The Town of Triangle had the largest increase in assessed value; from \$133,835,904 in 2017-18 to \$134,369,007 in 2018-19. This increase is primarily the result of new assessments on property improvements and seven newly created tax parcels. Equalization rates range from 57.0% in the Town Nanticoke to 100.00% in the Towns of Barker, Lisle, Triangle, and Greene.
- The School District is in the final stages of completing our capital referendum approved by the voters on November 3, 2015. The total project referendum was \$13,038,022 with \$1,500,000 used from the District's Capital Reserve Fund and \$1,055,457 utilized from the School District's allotment of New York State's Smarts Schools Allocation. The Smart Schools portion was used to construct two brand new universal pre-kindergarten classrooms. Capital project construction began the summer of 2016 and is expected to be completed in the early fall of 2018.
- The School District closed on a BAN borrowing of \$11,451,270 on August 16, 2018. This amount represents our annual bus borrowing combined with previous bus borrowings in the amount of \$1,001,270, with the remaining \$10,450,000 representing short-term financing needed prior to securing long-term financing for this capital project during the summer of 2019.
- The School District's enrollment (K-12) fluctuates from year to year. The following is the actual and projected enrollment data for the current and the subsequent year:

2017-2018 - 1,395

2018-2019 - 1,415

WHITNEY POINT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

- Over the last four years the School District has been awarded and implemented two new grant funding opportunities, a four year old full-day pre-kindergarten and a three year old full-day pre-kindergarten. These two programs allow our School District to educate an additional 78 four year olds and 45 three year olds within our community. The addition of these two grants brings our total pre-kindergarten grant funding up to \$1,193,375 annually.
- 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. The School District will continue its enrollment in the federal reimbursement program called Provision II breakfast (free breakfast for all students K-12). The District is hopeful that this program will continue to increase breakfast revenue district-wide. The District will continue to balance out the revenues and expenditures of this support program.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Whitney Point Central School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Whitney Point Central School District, 10 Keibel Road, Whitney Point, NY 13862.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2018

ASSETS

Current Assets

Cash and cash equivalents - Unrestricted	\$ 2,307,824
Cash and cash equivalents - Restricted	428,051
Taxes receivable	1,419
Due from state and federal governments	1,307,006
Due from other governments	865,550
Other receivables, net	240,561
Inventories	25,215
Prepaid items	40,908
Total Current Assets	5,216,534

Noncurrent Assets

Restricted cash	7,250,682
Net pension asset-proportionate share	502,850
Capital assets, net:	
Nondepreciable	10,563,748
Depreciable capital assets, net	55,613,461
Total Noncurrent Assets	73,930,741

Total Assets	79,147,275
---------------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Pensions	7,556,107
Other postemployment benefits	584,463
Deferred charges on defeased debt	1,547,819
Total Deferred Outflows of Financial Resources	9,688,389

LIABILITIES

Current Liabilities

Accounts payable	486,193
Accrued liabilities	236,815
Due to other governments	114
Bond interest and matured bonds	241,882
Bond anticipation notes payable	10,709,014
Due to Teachers' Retirement System	1,103,757
Due to Employees' Retirement System	103,383
Unearned revenues - other	13,322
Current portion of long-term obligations:	
Bonds payable	4,059,983
Total Current Liabilities	16,954,463

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

WHITNEY POINT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2018

Noncurrent Liabilities	
Bonds payable	\$ 26,118,058
Compensated absences payable	1,236,546
Other postemployment benefits liability	82,142,867
Net pension liability - Proportionate share	315,711
Total Noncurrent Liabilities	109,813,182
Total Liabilities	126,767,645
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,402,194
NET POSITION	
Net investment in capital assets	27,258,381
Restricted	7,262,343
Unrestricted net (deficit)	(74,854,899)
Total Net (Deficit)	\$ (40,334,175)

WHITNEY POINT CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
General support	\$ 4,055,643	\$	\$	\$ (4,055,643)
Instruction	29,822,535	140,374	2,235,927	(27,446,234)
Pupil transportation	2,938,211			(2,938,211)
Community services	6,046			(6,046)
School lunch program	1,106,894	226,106	715,093	(165,695)
Interest on debt	997,192			(997,192)
Total Functions and Programs	\$ 38,926,521	\$ 366,480	\$ 2,951,020	\$ -
 GENERAL REVENUES				
Real property taxes				6,424,763
Real property tax items				1,553,648
Use of money and property				198,273
Unrestricted state sources				24,998,520
Sale of property				32,518
Miscellaneous				677,019
Total General Revenues				33,884,741
Change in Net Position				(1,724,280)
Total Net (Deficit) - Beginning of Year				(38,609,895)
Total Net (Deficit) - End of Year				\$ (40,334,175)

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

WHITNEY POINT CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2018

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
ASSETS			
Cash and cash equivalents - Unrestricted	\$ 1,472,348	\$ 37,378	\$ 18,375
Cash and cash equivalents - Restricted	5,622,826		7,643
Taxes receivable, net	1,419		
Due from other funds	749,002		9,240
Due from state and federal governments	585,606	721,400	
Due from other governments	865,550		
Other receivables, net	236,543		4,018
Inventories			25,215
Prepaid expenses	40,908		
Total Assets	\$ 9,574,202	\$ 758,778	\$ 64,491
LIABILITIES			
Accounts payable	\$ 143,598	\$ 16,047	\$ 5,497
Accrued liabilities	234,404	891	1,520
Due to other funds	88,292	735,633	13,369
Due to other governments			114
Bond anticipation notes payable			
Due to Teachers' Retirement System	1,103,757		
Due to Employees' Retirement System	103,383		
Unearned revenues		6,207	7,115
Total Liabilities	1,673,434	758,778	27,615
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - September aid	207,588		
Total Deferred Inflows	207,588	-	-
FUND BALANCES			
Nonspendable	40,908		25,215
Restricted	5,622,826		11,661
Assigned	604,696		
Unassigned	1,424,750		
Total Fund Balances (Deficit)	7,693,180	-	36,876
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,574,202	\$ 758,778	\$ 64,491

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

Major Funds

Debt Service Fund	Capital Projects Fund - Renovations	Total Governmental Funds
\$	\$ 779,723	\$ 2,307,824
1,627,541	420,723	7,678,733
		1,419
315	79,052	837,609
		1,307,006
		865,550
		240,561
		25,215
		40,908
\$ 1,627,856	\$ 1,279,498	\$ 13,304,825
\$	\$ 321,051	\$ 486,193
		236,815
	315	837,609
		114
	10,709,014	10,709,014
		1,103,757
		103,383
		13,322
-	11,030,380	13,490,207
		207,588
-	-	207,588
		66,123
1,627,856		7,262,343
		604,696
	(9,750,882)	(8,326,132)
1,627,856	(9,750,882)	(392,970)
\$ 1,627,856	\$ 1,279,498	\$ 13,304,825

WHITNEY POINT CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Fund Balances - Total Governmental Funds **\$ (392,970)**

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	\$ 93,689,966	
Less accumulated depreciation	<u>(27,512,757)</u>	66,177,209

Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.

Supplemental Aid	\$ <u>207,588</u>	207,588
------------------	-------------------	---------

Long-term liabilities, including bonds payable, and bond premium, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (26,475,000)	
Bond premium	<u>(3,703,041)</u>	(30,178,041)

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

ERS net pension liability - Proportionate share	\$ (315,711)	
TRS net pension (asset) - Proportionate share	<u>502,850</u>	187,139

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

Deferred charges on defeased debt	\$ 1,547,819	
TRS deferred inflows of resources - Pension	(1,396,466)	
ERS deferred inflows of resources - Pension	(1,005,728)	
Deferred outflows of resources - Other postemployment benefits	584,463	
TRS deferred outflows of resources - Pension	6,636,025	
ERS deferred outflows of resources - Pension	<u>920,082</u>	7,286,195

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued interest on long-term debt	\$ (241,882)	
Compensated absences	(1,236,546)	
Other postemployment benefits liability	<u>(82,142,867)</u>	<u>(83,621,295)</u>

Net (Deficit) of Governmental Activities **\$ (40,334,175)**

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, 2018

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Aid Fund	School Lunch Fund
REVENUES			
Real property taxes	\$ 6,424,763	\$ _____	\$ _____
Real property tax items	1,553,648	_____	_____
Charges for services	71,503	_____	_____
Use of money and property	191,203	_____	_____
Sale of property and compensation for loss	32,518	_____	_____
Other revenue	677,019	_____	_____
State sources	25,042,642	1,238,986	103,532
Medicaid reimbursement	68,871	_____	_____
Federal sources	_____	885,822	678,558
Sales - School lunch	_____	_____	226,106
Total Revenues	34,062,167	2,124,808	1,008,196
EXPENDITURES			
General support	2,801,666	_____	_____
Instruction	16,226,837	1,724,233	414,337
Pupil transportation	1,663,439	29,386	_____
Community services	3,585	_____	_____
Employee benefits	8,545,607	390,924	198,139
Debt service:			
Principal	3,429,052	_____	_____
Interest	1,251,143	_____	_____
Cost of sales	_____	_____	452,722
Capital outlay	_____	_____	_____
Total Expenditures	33,921,329	2,144,543	1,065,198
Excess (Deficiency) of Revenues Over Expenditures	140,838	(19,735)	(57,002)
OTHER FINANCING SOURCES AND (USES)			
Redeemed from appropriations	_____	_____	_____
Premium on obligations	_____	_____	_____
Proceeds of obligations	_____	_____	_____
Payments to escrow agent	_____	_____	_____
Operating transfers in	100,000	19,735	9,410
Operating transfers (out)	(29,145)	_____	_____
Total Other Financing Sources and (Uses)	70,855	19,735	9,410
Net Change in Fund Balances	211,693	-	(47,592)
Fund Balances (Deficit) - Beginning of Year	7,481,487	-	84,468
Fund Balances (Deficit) - End of Year	\$ 7,693,180	\$ -	\$ 36,876

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

Major Funds

Debt Service Fund	Capital Projects Fund - Renovations	Total Governmental Funds
\$ _____	\$ _____	\$ 6,424,763
_____	_____	1,553,648
_____	_____	71,503
7,070	_____	198,273
_____	_____	32,518
_____	_____	677,019
_____	_____	26,385,160
_____	_____	68,871
_____	_____	1,564,380
_____	_____	226,106
7,070	-	37,202,241
_____	_____	_____
179,530	_____	2,981,196
_____	_____	18,365,407
_____	_____	1,692,825
_____	_____	3,585
_____	_____	9,134,670
_____	_____	_____
_____	_____	3,429,052
_____	_____	1,251,143
_____	_____	452,722
_____	8,808,059	8,808,059
179,530	8,808,059	46,118,659
_____	_____	_____
(172,460)	(8,808,059)	(8,916,418)
_____	_____	_____
_____	79,052	79,052
2,153,863	_____	2,153,863
10,930,000	_____	10,930,000
(12,797,026)	_____	(12,797,026)
_____	_____	129,145
(100,000)	_____	(129,145)
186,837	79,052	365,889
_____	_____	_____
14,377	(8,729,007)	(8,550,529)
_____	_____	_____
1,613,479	(1,021,875)	8,157,559
\$ 1,627,856	\$ (9,750,882)	\$ (392,970)

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, 2018

Net Change in Fund Balances - Total Governmental Funds **\$ (8,550,529)**

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 capital additions exceeded net book value of disposed assets and depreciation expense.

Capital additions	\$	8,843,819	
Net book value of disposed assets		(984)	
Depreciation expense		<u>(2,264,535)</u>	6,578,300

Long-term debt proceeds, and related issue costs 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.

Proceeds on obligations	\$	(10,930,000)	
Premium on obligations		(2,046,556)	
Transfer to Escrow Agent		12,797,026	
Principal payment		<u>3,350,000</u>	3,170,470

Long-term liabilities, 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 liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not effect current financial resources and are also not reported in the Governmental Funds.

Other postemployment benefits liability	\$	(2,641,258)	
Compensated absences		<u>(196,780)</u>	(2,838,038)

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.

Amortization of deferred amounts on refunding of debt	\$	(277,574)	
Amortization of premiums on obligations		594,348	
Change in accrued interest		<u>(170,130)</u>	146,644

Changes in the School District's proportionate share of net pension (assets) liabilities have no effect on current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not effect current financial resources and are, also, not reported in the Governmental Funds.

TRS	\$	(253,208)	
ERS		<u>22,081</u>	<u>(231,127)</u>

Net Change in Net Position of Governmental Activities **\$ (1,724,280)**

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, 2018

	Private Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash - Unrestricted	\$ <u> </u>	\$ <u>263,731</u>
Cash - Restricted	<u>347,473</u>	<u> </u>
Investments - Restricted	<u>10,687</u>	<u> </u>
Total Assets	<u>358,160</u>	\$ <u><u>263,731</u></u>
LIABILITIES		
Accounts payable	<u> </u>	<u>183,361</u>
Extraclassroom Activity Funds balance	<u> </u>	<u>80,370</u>
Other liabilities	<u>385</u>	<u> </u>
Total Liabilities	<u>385</u>	\$ <u><u>263,731</u></u>
NET POSITION		
Restricted for scholarships	\$ <u><u>357,775</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, 2018

	Private Purpose Trust Fund
ADDITIONS	
Gifts and contributions	\$ 25,890
Investment earnings	3,305
Total Additions	<u>29,195</u>
DEDUCTIONS	
Scholarships and awards	<u>39,911</u>
Change in Net Position	(10,716)
Net Position - Beginning of Year	<u>368,491</u>
Net Position - End of Year	<u><u>\$ 357,775</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, 2018

***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. 85, "Omnibus 2017."

- 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, 2018

Note 1 Summary of Significant Accounting Policies - Continued

Joint Venture

The School District is one of sixteen 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. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. 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, 2018

***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 - Renovations:** 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, 2018

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.

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.

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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Inventories and Prepaid Items - Continued

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:

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

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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1 Summary of Significant Accounting Policies - Continued

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. 75, "Accounting and Financial Reporting 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 11 for additional information.

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, unavailable revenue, 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1 Summary of Significant Accounting Policies - Continued

Equity Classifications - District-wide Financial Statements - Continued

- 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.

- 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Equity Classifications - Governmental Fund Financial Statements - Continued

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.

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 §6-1) - 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1 Summary of Significant Accounting Policies - Continued

Legally Adopted Reserves - Continued

- 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.
- Retirement Contribution 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.
- 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 1, and became a lien on August 29, 2017. Taxes were collected during the period September 1 to November 3, 2017.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Broome, Chenango, Cortland, and Tioga (Counties). 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1 Summary of Significant Accounting Policies - Continued

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.

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 of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 10 and 11, respectively.

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 of resources related to pensions which are further described in Note 10.

New Accounting Standards

The School District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board that are effective for the year ended June 30, 2018:

- GASB has issued Statement No. 85, "Omnibus 2017," effective for the year ended June 30, 2018.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

New Accounting Standards - Continued

- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ended June 30, 2018.
- GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended 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."

Future Changes in Accounting Standards

- 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. 87, "Leases," effective for the year ending June 30, 2021.
- GASB has issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements," effective for the year ending June 30, 2020. This statement improves the information disclosed in the notes to governmental financial statements related to debt, including direct borrowings and direct placements.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2021.

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.

***Note 2* Participation in BOCES**

During the year ended June 30, 2018, the School District's share of BOCES income amounted to \$1,905,927. The School District was billed \$5,450,146 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 3 **Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit**

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 \$10,994,700 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, 2018 consisted of the following:

General Fund reserves	\$	5,622,826
Debt service		1,627,856
Capital unspent debt proceeds		420,408
School lunch		<u>7,643</u>
Total	\$	<u><u>7,678,733</u></u>

Restricted cash of the School District's Fiduciary Funds at June 30, 2018 consisted of the following:

Scholarship Funds	\$	<u>347,473</u>
Total	\$	<u><u>347,473</u></u>

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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 3 Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit - Continued

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.

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.

The following investments are held by the School District:

Major Funds	Cost	Fair Value	Description
Private Purpose Trust Fund	\$ <u><u>10,687</u></u>	\$ <u><u>10,687</u></u>	See below

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Private Purpose Trust Fund	Cost	Fair Value	Level
Stock	\$ <u><u>10,687</u></u>	\$ <u><u>10,687</u></u>	(1)

Note 4 Due from Other Governments

Due from Other Governments consisted of the following, which are stated at net realizable value.

Description	Amount
Excess cost aid - August	\$ 378,018
Supplemental aid	207,588
Universal Pre-K receivable	422,898
Other	<u>298,502</u>
Total	\$ <u><u>1,307,006</u></u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 5 **Interfund Balances and Activity**

Interfund balances at June 30, 2018, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 749,002	\$ 88,292	\$ 100,000	\$ 29,145
Special Aid Fund		735,633	19,735	
Capital Projects Fund	79,052	315		
School Lunch Fund	9,240	13,369	9,410	
Debt Service Fund	315			100,000
Total	\$ 837,609	\$ 837,609	\$ 129,145	\$ 129,145

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, 2018

Note 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2018, 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	2,135,763	8,415,255		10,551,018
Total Nondepreciable Historical Cost	<u>2,148,493</u>	<u>8,415,255</u>	<u>-</u>	<u>10,563,748</u>
Capital assets that are depreciated				
Buildings	74,123,710	15,474		74,139,184
Furniture and equipment	8,906,523	413,090	(332,579)	8,987,034
Total Depreciable Historical Cost	<u>83,030,233</u>	<u>428,564</u>	<u>(332,579)</u>	<u>83,126,218</u>
Total Historical Cost	<u>85,178,726</u>	<u>8,843,819</u>	<u>(332,579)</u>	<u>93,689,966</u>
Less accumulated depreciation				
Buildings	(19,053,750)	(1,759,703)		(20,813,453)
Furniture and equipment	(6,526,067)	(504,832)	331,595	(6,699,304)
Total Accumulated Depreciation	<u>(25,579,817)</u>	<u>(2,264,535)</u>	<u>331,595</u>	<u>(27,512,757)</u>
Total Historical Cost, Net	<u>\$ 59,598,909</u>	<u>\$ 6,579,284</u>	<u>\$ (984)</u>	<u>\$ 66,177,209</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 106,954
Instruction	1,686,540
Pupil transportation	450,445
School lunch program	<u>20,596</u>
Total	<u>\$ 2,264,535</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 7 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.

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.

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2018</u>
2018 Capital Project	08/17/2017	08/17/2018	2.25%	\$ 10,709,014
Total				\$ 10,709,014

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	\$ 1,895,263	\$ 10,709,014	\$ (1,895,263)	\$ 10,709,014
Total	\$ 1,895,263	\$ 10,709,014	\$ (1,895,263)	\$ 10,709,014

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

Interest paid	\$ 19,332
(Less) interest accrued in the prior year	(16,472)
Plus interest accrued in the current year	205,305
(Less) premium on obligations	(107,307)
Total	\$ 100,858

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 8 Long-term Debt

At June 30, 2018, the total outstanding indebtedness of the School District represented 70.17% 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, 2018:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2018</u>
Serial Bonds				
Roof Reconstruction	06/15/2008	06/15/2020	3.62% - 4.50%	\$ 65,000
Reconstruction and renovation	06/24/2010	06/15/2024	4.25%	190,000
Construction and reconstruction	06/10/2015	06/15/2029	2.00% - 3.00%	4,775,000
Statutory Installment Bonds				
Purchase school buses	06/19/2014	06/15/2019	1.94%	95,000
Purchase school buses	08/06/2015	06/15/2020	2.66%	180,000
DASNY Bonds				
Reconstruction and renovation	11/09/2017	06/15/2026	2.00% - 5.00%	10,925,000
Reconstruction and renovation	06/08/2011	06/15/2026	3.00% - 5.00%	5,630,000
Refunding of 2008 Bonds	05/27/2016	06/01/2023	2.00% - 5.00%	4,615,000
Total				\$ <u>26,475,000</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 8 Long-term Debt - Continued

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

Interest paid	\$	1,231,811
(Less) interest accrued in the prior year		(55,280)
Plus interest accrued in the current year		36,577
(Less) amortization of deferred charges on defeased debt		(594,348)
Plus amortization of bond premium, DASNY bonds		<u>277,574</u>
Total	\$	<u>896,334</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	\$ 30,240,000	\$ 10,930,000	\$ (14,695,000)	\$ 26,475,000	\$ 3,435,000
DASNY bond premium	2,250,833	2,046,556	(594,348)	3,703,041	624,983
Total	\$ <u>32,490,833</u>	\$ <u>12,976,556</u>	\$ <u>(15,289,348)</u>	\$ <u>30,178,041</u>	\$ <u>4,059,983</u>

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt are summarized as follows:

<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	\$ 373,367	\$ 1,452,026	\$ (277,574)	\$ 1,547,819	\$ 299,310
Total	\$ <u>373,367</u>	\$ <u>1,452,026</u>	\$ <u>(277,574)</u>	\$ <u>1,547,819</u>	\$ <u>299,310</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 8 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>
2019	\$ 3,435,000	\$ 1,137,920	\$ 4,572,920
2020	3,415,000	1,003,381	4,418,381
2021	3,455,000	860,563	4,315,563
2022	3,545,000	700,637	4,245,637
2023	3,095,000	550,463	3,645,463
2024-2028	9,215,000	927,975	10,142,975
2029	315,000	9,450	324,450
Total	\$ 26,475,000	\$ 5,190,389	\$ 31,665,389

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 \$2,745,000 at June 30, 2018.

On November 9, 2017, \$10,930,000 in general obligation bonds, with variable interest rates ranging from 2.0%-5.0% were issued to advance refund the refunding of \$11,345,000 of outstanding bonds, with variable interest rates ranging from 3.0%-5.0%. The net proceeds of \$12,797,026 (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 \$11,345,000 at June 30, 2018.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 9 Compensated Absences

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.

Compensated absences balance and activity is summarized below:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 1,039,766	\$ 196,780	\$ -	\$ 1,236,546

Note 10 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 NYSTRS 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, 2018

Note 10 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 - Teachers' Retirement System (TRS) (Continued)

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

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, defined benefit pension plan. 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 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) (Continued)

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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.

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>
2018	\$ 407,850	\$ 1,241,042
2017	382,851	1,369,170
2016	448,178	1,788,716

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

At June 30, 2018, the School District reported the following (asset) liability for its proportionate share of the net pension (asset) liability for each of the Systems. The net pension (asset) liability was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset) 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

	ERS	TRS
Actuarial valuation date	4/01/2017	6/30/2016
Net pension (asset) liability	\$ 3,227,444,946	\$ (760,099,284)
School District's proportionate share of the Plan's total net pension (asset) liability	315,711	(502,850)
School District's share of the net pension (asset) liability	0.0097821%	0.066156%

For the year ended June 30, 2018, the School District recognized pension expense of \$389,225 for ERS and \$1,277,131 for TRS in the District-wide financial statements. At June 30, 2018 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	\$ 112,604	\$ 413,723	\$ 93,052	\$ 196,055
Changes of assumptions	209,343	5,116,594		
Net differences between projected and actual earnings on pension plan investments	458,546		905,123	1,184,357
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	36,206	69,495	7,553	16,054
School District's contributions subsequent to the measurement date	103,383	1,036,213		
Total	\$ 920,082	\$ 6,636,025	\$ 1,005,728	\$ 1,396,466

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

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, 2019. 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
2019	\$ 75,130	\$ 129,272
2020	61,469	1,366,600
2021	(224,897)	981,631
2022	(100,731)	253,392
2023		978,813
Thereafter		493,638

Actuarial Assumptions

The total pension liability as of the valuation 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.

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Investment rate of return	7.0%	7.25%
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's 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 MP2014, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 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 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.

For TRS, long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real 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. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Asset Type:		
Domestic equities	4.6%	5.9%
International equities	6.4%	7.4%
Real estate	5.6%	4.3%
Private equity/Alternative investments	7.5%	9.0%
Absolute return strategies	3.8%	
Opportunistic portfolio	5.7%	
Real assets	5.3%	
Cash	(0.3%)	
Inflation-indexed bonds	1.3%	
Domestic fixed income securities		1.6%
Global fixed income securities		1.3%
High-yield fixed income securities		3.9%
Mortgages and bonds	1.3%	2.8%
Short-term		0.6%

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

Discount rate used to calculate the total pension (asset) liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on 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.

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 7.25% 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	\$ 2,388,756	\$ 315,711	\$ (1,438,002)
TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension (asset) liability	\$ 8,662,612	\$ (502,850)	\$ (8,178,469)

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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, 2018	June 30, 2017
Employers' total pension (asset)	\$ 183,400,590	\$ 114,708,261
Plan net position	(180,173,145)	(115,468,360)
Employers' Net Pension (Asset) Liability	\$ 3,227,445	\$ (760,099)
Ratio of Plan Net Position to the Employers' Total Pension (Asset) Liability	98.2%	(100.7%)

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, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$103,383.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$1,103,757.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net pension liability	\$ 902,990	\$ (587,279)	\$ 315,711
Deferred outflows of resources	(628,968)	(291,114)	(920,082)
Deferred inflows of resources	149,416	856,312	1,005,728
Subtotal	423,438	(22,081)	401,357
TRS			
Net pension (asset) liability	712,103	(1,214,953)	(502,850)
Deferred outflows of resources	(6,957,614)	321,589	(6,636,025)
Deferred inflows of resources	249,894	1,146,572	1,396,466
Subtotal	(5,995,617)	253,208	(5,742,409)
Total	\$ (5,572,179)	\$ 231,127	\$ (5,341,052)

Note 11 Postemployment Benefits Other than Pensions (OPEB)

During the year ended June 30, 2018 the School District implemented GASB 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."

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 11 Postemployment Benefits Other than Pensions (OPEB) - Continued

General Information about the OPEB Plan - Continued

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

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

Inactive employees or beneficiaries currently receiving benefit payments	184
Active employees	<u>270</u>
	<u><u>454</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$82,142,867 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

Long-Term Bond Rate:	3.0%
Rate of Inflation	2.6%
Marital Assumption	80.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	7.5% for 2016, decreasing to an ultimate rate of 4.5% for years after 2022

The S&P Municipal Bond 20 Year High Grade Rate was used to determine the long-term bond rate above.

Mortality rates were based on the Scale MP-2016 (generation mortality) published by the pension mortality study released by the Society of Actuaries.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the June 30, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ <u>78,917,146</u>
Changes for the year:	
Service cost	2,881,109
Interest cost	2,413,184
Changes of benefit terms	-
Differences between expected and actual experience	669,168
Changes in assumptions or other inputs	-
Benefit payments	<u>(2,737,740)</u>
Net change	3,225,721
Balance at June 30, 2018	\$ <u><u>82,142,867</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.0%) or 1-percentage-point higher (4.0%) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Total OPEB Liability	\$ 97,294,031	\$ 82,142,867	\$ 70,167,059

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

Changes of assumptions and other inputs reflect a change in the healthcare cost trend rate from 4.5% in 2017 to 7.5% in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (3.5% to 6.5%) or 1 percentage point higher (5.5% to 8.5%) than the current healthcare cost trend rate:

	1% Decrease (6.5% to 3.5%)	Healthcare Cost Trend Rate (7.5% to 4.5%)	1% Increase (8.5% to 5.5%)
Total OPEB Liability	\$ 65,747,967	\$ 82,142,867	\$ 105,586,710

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$5,378,998.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 584,463	\$ -
Total	\$ 584,463	\$ -

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

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

Fiscal Year	Amount
<u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 84,705
2020	84,705
2021	84,705
2022	84,705
2023	84,705
Thereafter	160,938

Current Year of Activity

The following is a summary of current year activity:

	Beginning	Change	Ending
	Balance	Change	Balance
Other postemployment benefits liability \$	78,917,146	\$ 3,225,721	\$ 82,142,867
Deferred outflows of resources	-	(584,463)	(584,463)
Deferred inflows of resources	-	-	-
Total	\$ 78,917,146	\$ 2,641,258	\$ 81,558,404

Note 12 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.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 12 Commitments and Contingencies - Continued

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 16 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.

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, 2018, the School District incurred premiums or contribution expenditures totaling \$6,275,241.

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, 2018

Note 13

Fund Balance Detail

At June 30, 2018, nonspendable, restricted and assigned fund balance in the governmental funds was as follows:

	General Fund	School Lunch Fund	Debt Service Fund
Nonspendable			
Inventory	\$	\$ 25,215	\$
Prepaid expenses	40,908		
Total Nonspendable Fund Balance	\$ 40,908	\$ 25,215	\$ -
Restricted			
Retirement contribution reserve	\$ 1,811,061	\$	\$
Tax certiorari reserve	5,913		
Unemployment insurance reserve	517,860		
Employee benefit accrued liability reserve	737,709		
Capital reserve	2,550,283		
School lunch		11,661	
Debt			1,627,856
Total Restricted Fund Balance	\$ 5,622,826	\$ 11,661	\$ 1,627,856
Assigned			
Appropriated for next year's budget	\$ 500,000	\$	\$
Encumbered for:			
General support	53,343		
Instruction	45,921		
Pupil transportation	5,432		
Total Assigned Fund Balance	\$ 604,696	\$ -	\$ -

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 14 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, 2018 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	\$ 515,868	\$	\$ 2,188	\$ (196)	\$ 517,860
Retirement contribution reserve	2,151,982		9,079	(350,000)	1,811,061
Tax certiorari reserve	18,360		76	(12,523)	5,913
Employee benefit accrued liability reserve	734,594		3,115		737,709
Capital reserve	2,046,539	495,000	8,744		2,550,283
Total	\$ 5,467,343	\$ 495,000	\$ 23,202	\$ (362,719)	\$ 5,622,826
Debt Service Fund	\$ 1,613,479	\$ 13,083,863	\$ 7,070	\$ (13,076,556)	\$ 1,627,856

Note 15 Stewardship, Compliance, and Accountability - Deficit Net Position

Deficit Net Position

At June 30, 2018, the District-wide Statement of Net Position had an unrestricted net deficit of \$(74,854,899). This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (See Note 11). 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 \$(9,750,882) at June 30, 2018. This deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

Note 16 Restatement

The School District's June 30, 2017 net position has been restated to reflect the following:

Net Position (Deficit) Beginning of Year	\$ 13,639,944
GASB Statement No. 75 Implementation	
Beginning OPEB plan liability	<u>(52,249,839)</u>
Net Position (Deficit) Beginning of Year, as Restated	\$ <u>(38,609,895)</u>

Note 17 Subsequent Event

On August 16, 2018, the School District issued bond anticipation notes totaling \$11,451,270 at a rate of 2.75% to finance ongoing capital projects and the purchase of school buses.

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 7,961,608	\$ 6,438,232	\$ 6,424,763	\$ (13,469)
Other tax items	30,000	1,553,376	1,553,648	272
Charges for services	51,000	51,000	71,503	20,503
Use of money and property	130,000	130,000	191,203	61,203
Sale of property and compensation for loss	35,000	35,000	32,518	(2,482)
Miscellaneous	647,500	647,500	677,019	29,519
Total Local Sources	8,855,108	8,855,108	8,950,654	95,546
State sources	25,266,638	25,266,638	25,042,642	(223,996)
Medicaid reimbursements	50,000	50,000	68,871	18,871
Total Revenues	34,171,746	34,171,746	34,062,167	(109,579)
OTHER FINANCING SOURCES				
Operating transfers in	100,000	100,000	100,000	-
Total Revenues and Other Financing Sources	34,271,746	34,271,746	\$ 34,162,167	\$ (109,579)
Appropriated Fund Balance	500,000	500,000		
Appropriated Reserves	317,000	317,000		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	138,633	138,633		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	\$ 35,227,379	\$ 35,227,379		

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, 2018

	<u>Original Budget</u>	<u>Revised Budget</u>
EXPENDITURES		
General Support		
Board of Education	\$ 8,240	\$ 32,176
Central administration	207,649	206,878
Finance	480,789	504,137
Staff	103,945	116,003
Central services	2,033,761	1,997,223
Special items	302,461	302,217
Total General Support	<u>3,136,845</u>	<u>3,158,634</u>
Instruction		
Instruction, administration, and improvement	860,714	884,847
Teaching - Regular school	7,680,230	7,786,588
Programs for students with disabilities	3,887,754	3,413,906
Occupational education	728,043	759,145
Teaching - Special school	297,694	404,421
Instructional media	1,477,857	1,485,320
Pupil services	1,554,176	1,696,457
Total Instruction	<u>16,486,468</u>	<u>16,430,684</u>
Pupil transportation	1,801,923	1,807,434
Community services	1,750	3,700
Employee benefits	8,788,919	8,815,453
Debt Service		
Principal	3,634,053	3,639,053
Interest	1,341,921	1,336,921
Total Debt Service	<u>4,975,974</u>	<u>4,975,974</u>
Total Expenditures	<u>35,191,879</u>	<u>35,191,879</u>
OTHER FINANCING USES		
Operating transfers out	35,500	35,500
Total Expenditures and Other Financing Uses	<u>\$ 35,227,379</u>	<u>\$ 35,227,379</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>
\$ 30,855	\$ 1,145	\$ 176
204,418	30	2,430
485,639	6,765	11,733
87,055	570	28,378
1,704,321	44,833	248,069
289,378		12,839
2,801,666	53,343	303,625
854,640		30,207
7,711,008	34,214	41,366
3,380,558	2,581	30,767
757,387		1,758
402,036		2,385
1,481,745	850	2,725
1,639,463	8,276	48,718
16,226,837	45,921	157,926
1,663,439	5,432	138,563
3,585		115
8,545,607		269,846
3,429,052		210,001
1,251,143		85,778
4,680,195	-	295,779
33,921,329	104,696	1,165,854
29,145		6,355
<u>33,950,474</u>	<u>\$ 104,696</u>	<u>\$ 1,172,209</u>
211,693		
7,481,487		
<u>\$ 7,693,180</u>		

WHITNEY POINT CENTRAL SCHOOL DISTRICT

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

	2018	2017	2016
Contractually required contribution	\$ 407,850	\$ 382,851	\$ 448,178
Contributions in relation to the contractually required contribution	407,850	382,851	448,178
Contribution deficiency (excess)			
School District's covered payroll for year ended June 30,	2,870,376	2,606,493	2,552,169
Contributions as a percentage of covered payroll	14.2%	14.7%	17.6%

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

	2018	2017	2016
Contractually required contribution	\$ 1,036,213	\$ 1,241,042	\$ 1,369,170
Contributions in relation to the contractually required contribution	(1,036,213)	(1,241,042)	(1,369,170)
Contribution deficiency (excess)			
School District's covered payroll for year ended June 30,	10,573,602	10,589,096	10,325,566
Contributions as a percentage of covered payroll	9.8%	11.7%	13.3%

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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 444,026	\$ 410,415	\$ 456,905	\$ 365,510	\$ 292,502	\$ 153,600	\$ 195,553
444,026	410,415	456,905	365,510	292,502	153,600	195,553
2,445,134	2,339,189	2,456,257	2,451,303	2,517,210	2,433,685	2,451,601
18.2%	17.5%	18.6%	14.9%	11.6%	6.3%	8.0%

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,788,716	\$ 1,603,442	\$ 1,163,388	\$ 1,102,781	\$ 877,653	\$ 620,867	\$ 767,413
(1,788,716)	(1,603,442)	(1,163,388)	(1,102,781)	(877,653)	(620,867)	(767,413)
10,221,234	9,837,067	9,825,912	9,926,022	10,181,589	10,030,162	10,057,837
17.5%	16.3%	11.8%	11.1%	8.6%	6.2%	7.6%

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,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension (asset) liability	0.0097821%	0.0096101%	0.0097830%	0.9416300%
School District's proportionate share of the net pension (asset) liability	\$ 315,711	\$ 902,990	\$ 1,570,194	\$ 318,104
School District's covered payroll during the measurement period	2,828,449	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 payroll	11.2%	35.3%	63.0%	13.2%
Plan fiduciary net position as a percentage of the total pension (asset) liability	98.2%	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,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension (asset) liability	0.066156%	0.066487%	0.067474%	0.066800%
School District's proportionate share of the net pension (asset) liability	\$ (502,850)	\$ 712,103	\$ (7,008,420)	\$ (7,441,056)
School District's covered payroll during the measurement period	10,589,096	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 payroll	(4.7%)	6.9%	(68.6%)	(75.6%)
Plan fiduciary net position as a percentage of the total pension (asset) liability	(100.7%)	99.0%	(110.5%)	(111.5%)

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

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

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2018	2017	2016
Service cost	\$ 2,881,109	\$ *	\$ *
Interest cost	2,413,184	*	*
Changes of benefit terms	-	*	*
Differences between expected and actual experience	669,168	*	*
Changes in assumptions or other inputs	-	*	*
Benefit payments	<u>(2,737,740)</u>	*	*
	3,225,721	*	*
Total OPEB Liability - Beginning	<u>78,917,146</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Ending	<u>\$ 82,142,867</u>	<u>\$ 78,917,146</u>	<u>\$ *</u>
Covered employee payroll	12,620,118	*	*
Total OPEB Liability as a Percentage of Covered Payroll	651%	*	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed each year going forward as it becomes available.

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

2015	2014	2013	2012	2011	2010	2009
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
*	*	*	*	*	*	*
*	*	*	*	*	*	*

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

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	\$	35,088,746
Carryover Encumbrances		<u>138,633</u>
Original Budget		<u>35,227,379</u>
Final Budget	\$	<u><u>35,227,379</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, 2018.

Note 3 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2018 -	3.0%
2017 -	3.0%

WHITNEY POINT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

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 four 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.

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, 2017 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. 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	Five-year phase in deferred recognition of 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 subject to the five-year phase in.
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, 2018

***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

Chapter 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, at a rate of 20% per year, 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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

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 - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

Actuarial cost method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
Asset valuation method	5 year phased in deferred recognition of each year's actual gain or loss above (or below) an assumed inflationary gain of 3.0%.
Inflation	2.5%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment rate of return	7.25% compounded annually, net of investment expenses, including inflation.
Projected cost of living adjustments	1.5% compounded annually

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 35,088,746
Prior year's encumbrances	<u>138,633</u>
Original Budget	<u>35,227,379</u>
Total Additions	<u>-</u>
Total Deductions	<u>-</u>
Final Budget	<u><u>\$ 35,227,379</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next year's budget is a voter approved budget	<u><u>\$ 36,668,962</u></u>
Maximum allowed (4% of the 2018-2019 budget)	\$ 1,466,758
General Fund fund balance subject to §1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 604,696
Unassigned fund balance	<u>1,424,750</u>
Total Unrestricted Fund Balance	<u><u>2,029,446</u></u>
Less:	
Appropriated fund balance	\$ 500,000
Encumbrances included in committed and assigned fund balance	<u>104,696</u>
Total Adjustments	<u><u>604,696</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u><u>\$ 1,424,750</u></u>
Actual Percentage	3.9%

See Independent Auditor's Report

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2018

PROJECT TITLE	Expenditures					
	Original Budget	Revised Budget	Prior Years	Current Year	Interfund Transfer	Total
Buses - 2017-2018	\$ 392,803	\$ 392,803	\$	\$ 392,803	\$	\$ 392,803
Tioughnioga Riverside Academy - Reconstruction 0001-017	897,483	894,483	59,197	46,080		105,277
Senior High School - Reconstruction 0003-018		5,982,120	621,571	4,092,636		4,714,207
Senior High School - Reconstruction 0003-017	1,844,300	1,465,074	192,023	1,132,757		1,324,780
Caryl E. Adams Elementary School - Reconstruction 0004-011		3,055,241	327,319	3,065,482		3,392,801
Caryl E. Adams Elementary School - Reconstruction 0004-010	1,137,300	983,604	914,072	55,058		969,130
Bus Garage - Reconstruction 5009-006	169,429	169,429	12,430	23,243		35,673
Subtotal	4,441,315	12,942,754	2,126,612	8,808,059		10,934,671
Unredeemed BANs						-
Total	\$ 4,441,315	\$ 12,942,754	\$ 2,126,612	\$ 8,808,059	\$ -	\$ 10,934,671

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

See Independent Auditor's Report

Unexpended Balance	Methods of Financing			Total	Fund Balance (Deficit) June 30, 2018
	Proceeds of Obligations	State Aid	Local Sources		
\$ _____	\$ 313,751	\$ _____	\$ 79,052	\$ 392,803	\$ _____ -
<u>789,206</u>	<u>54,758</u>	_____	<u>73,818</u>	<u>128,576</u>	<u>23,299</u> *
<u>1,267,913</u>	<u>4,863,353</u>	_____	_____	<u>4,863,353</u>	<u>149,146</u> *
<u>140,294</u>	<u>1,346,076</u>	_____	<u>632,745</u>	<u>1,978,821</u>	<u>654,041</u> *
<u>(337,560)</u>	<u>3,642,767</u>	_____	_____	<u>3,642,767</u>	<u>249,966</u> *
<u>14,474</u>	<u>65,426</u>	_____	<u>782,891</u>	<u>848,317</u>	<u>(120,813)</u> *
<u>133,756</u>	<u>27,620</u>	_____	<u>10,546</u>	<u>38,166</u>	<u>2,493</u> *
<u>2,008,083</u>	<u>10,313,751</u>	_____ -	<u>1,579,052</u>	<u>11,892,803</u>	<u>958,132</u>
_____	<u>(10,709,014)</u>	_____	_____	<u>(10,709,014)</u>	<u>(10,709,014)</u>
<u>\$ 2,008,083</u>	<u>\$ (395,263)</u>	<u>\$ -</u>	<u>\$ 1,579,052</u>	<u>\$ 1,183,789</u>	<u>\$ (9,750,882)</u>

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2018

Capital assets, net	\$ <u>66,177,209</u>
Add:	
Deferred charges on defeased debt	<u>1,547,819</u>
Deduct:	
Bond anticipation notes	<u>(10,709,014)</u>
Premium on bonds	<u>(3,703,041)</u>
Short-term portion of bonds payable	<u>(3,435,000)</u>
Long-term portion of bonds payable	<u>(23,040,000)</u>
Less: unspent bond proceeds	<u>420,408</u>
 Net Investment in Capital Assets	 \$ <u>27,258,381</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, 2018, 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, 2018.

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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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, 2018



**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, 2018. 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, 2018.

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, 2018

WHITNEY POINT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021180180	\$	\$ 355,073
Title I Grants to Local Educational Agencies	84.010	0011172262		50,011
Title I Total		Subtotal	-	405,084
Improving Teacher Quality State Grants	84.367	0147180180		54,896
Special Education Cluster:				
Special Education - Grants to States	84.027	0032180058		411,097
Special Education - Preschool Grants	84.173	0033180058		14,745
Special Education Cluster Total		Subtotal	-	425,842
Total U.S. Department of Education				885,822
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
National School Lunch Program Equipment Assistance Grants	10.579	05170053		8,750
Child Nutrition Cluster:				
National School Lunch	10.555	03140106		427,962
School Breakfast Program	10.553	03140106		241,846
Child Nutrition Cluster Total			-	669,808
Total U.S. Department of Agriculture				678,558
Total Expenditures of Federal Awards			\$ -	\$ 1,564,380

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, 2018

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, 2018, the School District received \$52,299 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, 2018

Section I - Summary of Auditor's Results

Financial Statements

	<u>Unmodified</u>
Type of auditor's report issued:	
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> no

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 Uniform Guidance §200.516(a)?	___ yes <u>X</u> no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:	\$ <u>750,000</u>
Auditee qualified as low-risk?	<u>X</u> yes ___ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None