

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Washingtonville Central School District
Washingtonville, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Washingtonville Central School District, New York, as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Unmodified 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 Washingtonville Central School District, New York, as of June 30, 2018, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

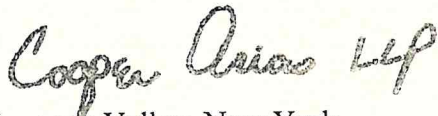
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 15 and 57 through 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washingtonville Central School District, New York's financial statements as a whole. The supplementary information 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 basic 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2017 financial statements and, in a report by other auditors dated September 21, 2017, they expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 on our consideration of the Washingtonville Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the Washingtonville Central School District, New York's internal control over financial reporting and compliance.



Mongaup Valley, New York
September 18, 2018

**WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
WASHINGTONVILLE, N.Y.**

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

The discussion and analysis of Washingtonville Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June, 1999.

Financial Highlights

Key financial highlights for the District-wide statements are as follows:

For fiscal year 2017-18 total revenues for all categories were \$93,113,152. General revenues accounted for \$88,743,698 of revenue or 96 percent of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for \$4,369,454 or 4 percent of total revenues.

The District had \$101,251,576 in total expenses. Of this amount, expenses of \$4,369,454 were offset by program specific charges for services or operating grants and contributions.

Key financial highlights for the reserve funds are as follows:

The Worker's Compensation Reserve has a year-end balance of \$1,944,655. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue through the utilization of the Third Party Administrator for the District program.

The District has a Retirement System Reserve in the amount of \$4,568,484. The purpose of the reserve fund is to fund employer obligations related to the retirement of its employees.

During the 2017-18 Fiscal Year, the District used the previous year's Capital Reserve Fund balance of \$500,000 for its intended purpose of offsetting the cost of ongoing, voter approved, Capital projects, thus reducing the need to borrow and incur the associated interest costs. Thus, the Capital Reserve Fund has a current balance of \$0.

The balance in the Tax Certiorari Reserve Fund was reduced by \$33,724, reflecting the use of this Fund for payment of tax certiorari settlements which occurred during the fiscal year. The balance in this Fund will continue to be adjusted as future settlements are made and new claims for property assessment reductions are made.

The Unemployment Insurance Reserve Fund balance was reduced by \$389,752 in order to more accurately reflect the multiyear history of claims against this Fund. These monies were transferred to various other Reserve Funds whose balances were deemed to be below projected future needs.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for the long range fiscal stability of the School District.

The General Fund had \$89,318,582 in revenues and \$90,032,541 in expenses during the operating year. This resulted in a net decrease in fund balance in of \$713,959. The School District is currently engaged in the development of a multiyear financial plan with the express goals of more accurately projecting revenues and expenses, but continuing to recognize the need for budgetary expenditure contingencies in those areas in which exposure to uncertainties typically exist.

The District is engaged in a multi-year, multi-phase voter approved capital project which totals \$59,995,174. During the Fiscal Year, \$17,650,106 was expended for this purpose.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washingtonville Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Washingtonville Central School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities:

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole summarily presents all financial transactions to ask the question, "How did we do financially in the 2017-18 year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report District-wide net position and changes in position. This change in net position is important because it tells the reader, for the School District as a whole, if the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current New York State legislation regarding State Aid to school districts, facility condition, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports the following activities:

Governmental Activities:

All of the School District's programs and services are recorded here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and cafeteria.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Aid Fund, School Lunch Fund, Capital Fund and the Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationships, or differences, between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found throughout the various sections of the Financial Statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve, over time, as a useful indicator of a government's financial position.

The District's financial position is the product of many financial transactions, including the net result of all activities, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a comparison of the School District's net position as of June 30, 2018 and June 30, 2017.

**Table 1
Net Position**

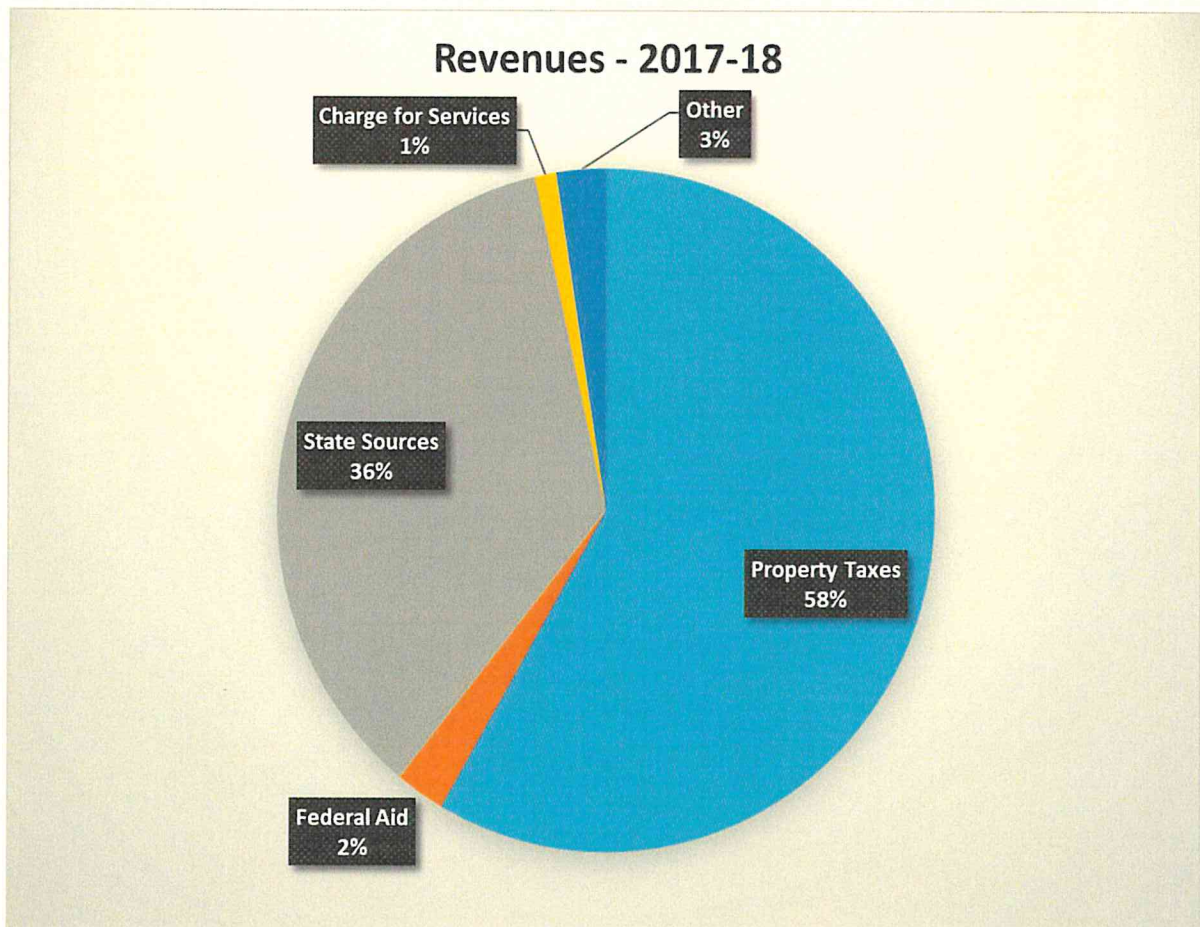
Assets	June 30, 2018	June 30, 2017
Current and Other Assets	\$ 64,835,289	\$ 35,387,510
Non-Current Assets	77,322,045	52,896,823
Total Assets	142,157,334	88,284,333
Total Deferred Outflows of Resources	29,659,208	25,357,385
Liabilities		
Current Liabilities	49,227,293	5,850,189
Long Term Liabilities	266,608,188	152,449,260
Total Liabilities	315,835,481	158,299,449
Total Deferred Inflows of Resources	36,038,087	1,216,341
Net Position		
Net Investment in Capital Assets	35,301,201	35,223,814
Restricted	11,868,344	12,431,167
Unrestricted	(233,756,973)	(93,529,053)
Total Net Position	(180,057,026)	(45,874,072)

The District's net position was \$(180,057,026) on June 30, 2018. This was a decrease of \$8,138,424 from the June 30, 2017 restated net position of \$(171,918,602). This change occurred primarily due to reporting the total OPEB (other post employment benefits) in 2017-18 at \$236,850,550 as compared to reporting net OPEB liability at \$126,510,383 in 2016-17. This change was made in accordance with a change in GASB reporting requirements.

Governmental Activities

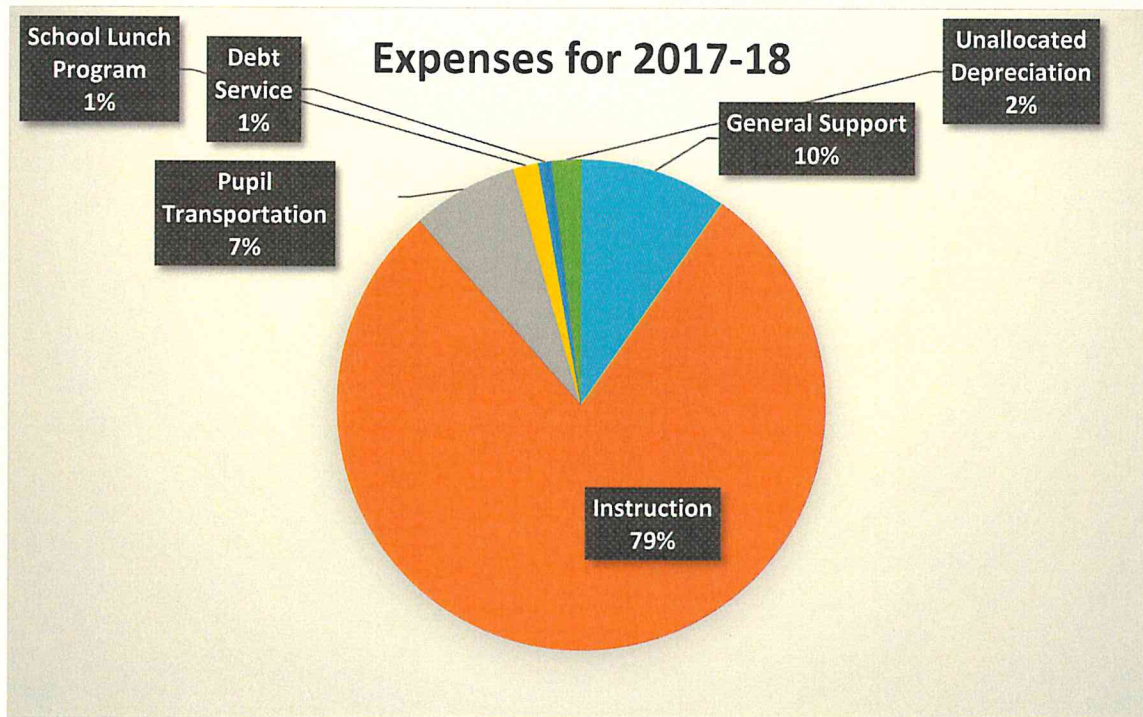
Sources of Revenue 2017-2018

School district revenue sources are similar throughout the State. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 58 percent of revenues for governmental activities for fiscal year ending June 30, 2018. State Aid, exclusive of amounts reported as program revenues, accounted for another 36 percent of revenue. The District's total revenue for the year ended June 30, 2018 was \$93,113,152. Please refer to the Statement of Activities for additional detail.



Categories of Expense 2017-18

The total cost of all programs and services was \$101,251,576. Direct instructional expense comprises 78 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.



The School District's Funds

Information about the School District's major funds starts are reported in the Financial Statements. These funds are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2018, exclusive of inter fund transfers, amounted to \$93,221,477 and \$109,049,005 respectively. The net change in fund balance for the year ended June 30, 2017 for all governmental funds was a decrease of (\$2,313,372).

Table 2
Fund Balances

	2018 Fund Balance	2017 Fund Balance	Increase (Decrease)
General	\$ 27,789,412	\$ 28,503,371	\$ (713,959)
Special Aid	-	-	-
School Lunch	140,892	61,979	78,913
Capital Projects	(15,335,795)	(1,014,336)	(14,321,459)
Debt Service	2,685,697	2,167,337	518,360
Total Governmental	\$ 15,280,206	\$ 29,718,351	\$ (14,438,145)

The General Fund had a fund balance decrease of (\$713,959). This decrease reflects the fact that current year revenues were less than current year expenses and interfund transfers out of the General Fund

The Cafeteria had an increase in fund balance of \$78,913. The increase in Cafeteria Fund balance reflects revenues in excess of current year expenses, which is due, in part, to the transfer in of supporting revenue from the General Fund. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation.

The Capital Projects Fund experienced the largest decrease of all funds at \$14,321,459 and was due to the costs of the capital projects completed throughout the year.

With the volatile fiscal environment on the local, state and federal levels, fund balance will be a necessary tool for District budget management

Governmental Funds Revenues and Expenditures

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes proceeds of long term debt and interfund transfers.

Table 3 – Revenue Summary

	Revenue 2017-18	Revenue 2016-17	Increase/ (Decrease) from 06/30/2017	Percentage Inc./(Decr.) from 06/30/2017
Property Taxes	\$48,097,681	\$47,174,003	\$923,678	2.0%
Other Tax Items	6,278,400	6,722,136	(443,736)	(6.6)%
Local Sources	3,269,074	2,440,475	828,599	3.4%
State Sources	33,319,871	32,184,150	1,135,721	3.5%
Federal Sources	2,256,451	2,398,958	(142,507)	(5.9)%
Total	\$93,221,477	\$90,919,722	\$2,301,755	2.5%

The increase in revenue of \$2,301,755 was mainly due to an increase in State Aid. Similar to other entities, economic conditions continue to be a factor in the District's revenue generated. Remaining items were considered routine revenue variances and are detailed in the supplementary information section of the financial statements.

The following schedule represents a summary of expenditures for each of the District's funds for the fiscal year ended June 30, 2018, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

Table 4 – Expenditure Summary

	Expenses 2017-18	Expenses 2016-17	Increase/ (Decrease)	Percentage Inc./(Decr.)
General Support	\$7,363,779	\$7,141,597	222,182	3.1%
Instruction	48,203,584	47,522,573	681,011	1.4%
Pupil Transportation	5,361,479	5,030,132	331,347	6.6%
Employee Benefits	24,380,968	23,092,134	1,288,834	5.6%
Debt Service	3,871,505	3,103,369	768,136	24.8%
Cost of Sales	1,343,091	1,365,773	(22,682)	(1.7)%
Capital Outlay	18,524,599	6,802,516	\$11,722,083	172.3%
Total	\$109,049,005	\$94,058,094	\$14,990,911	15.9%

The most significant comparative increase in expenditures is a result of costs associated with the ongoing capital projects.

General Fund Budget Highlights

The School District’s budget is prepared in accordance with New York State Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund for the District is the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions. In accordance with District policy, the Superintendent may process transfers under the amount of \$100,000 between functional categories as long as the transfers are submitted for approval at the next Board meeting.

The budget status was reviewed monthly to monitor budget allocations versus recorded expenditures to ensure accurate reporting. This practice provides continuous oversight of the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2018, the District had \$69,674,403 invested in land, buildings, machinery and equipment and vehicles, net of \$28,553,552 in accumulated depreciation. Table 4 shows fiscal year 2018 balances compared to fiscal 2017.

**Table 5
Capital Assets (Net of Depreciation)**

	6/30/2018	6/30/2017
Land	\$ 6,891,876	\$ 6,891,876
Construction in Progress	24,425,186	7,775,080
Building and Improvements	32,354,868	33,553,733
Machinery and Equipment	1,103,650	1,085,651
Vehicles	3,898,823	3,590,483
Total	\$ 68,674,403	\$ 52,896,823

Overall, net capital assets increased by \$15,775,580. The increase is a result of current year acquisitions exceeding depreciation and disposals, and the value added due to the construction completed or in progress. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2018, the School District had \$265,743,267 of outstanding long-term debt. Table 5 represents fiscal year 2018 balances compared to fiscal year 2017.

Table 6
Outstanding Debt

	6/30/2018	6/30/2017
Serial Bonds	\$ 21,559,493	\$ 16,215,000
Energy Performance Contract	1,102,725	1,458,009
Compensated Absences	6,230,499	3,338,678
Total OPEB Liability (See Note 15)	236,850,550	-
Net OPEB Obligation (See Note 15)	-	126,510,383
Total	\$ 265,743,267	\$ 147,522,070

Serial bonds increased overall by \$ 5,344,493 due primarily to the School District's borrowing of \$6,920,000 on behalf of Moffat Library in support of its capital project. In addition, outstanding debt decreased due to repayment of principal in conjunction with the Energy Performance Contract of \$355,284. Compensated absences increased by \$2,891,821 and net OPEB obligations increased by \$110,340,167. The large increase in OPEB (other post employment benefits) is a result of the GASB (Governmental Accounting Standards Board) decision that this obligation must be fully, rather than partially, reported.

For the Future

There are a number of factors that the District needs to continually be cognizant moving forward that could potentially affect the financial well-being of the District. First, the District is very dependent on funding from the State. Any economic changes could adversely affect the State and subsequently the School District. Secondly, the Property Tax Cap Law has had a dramatic impact on the District. The legislation provides a calculation for a tax levy limit, which caps the amount of revenue the District can raise through the levy of taxes. These items could potentially make it very challenging for the District to meet its financial obligations and could diminishes the fund balance.

The District is in the midst of a multi-phase 5 year \$59.9 million dollar project. This project will address a number of the facilities concerns that were identified in the Building Conditions Survey that is required by the State. It will eliminate the portatble classrooms in all three elementary schools, it will allow for full day kindergarten in September 2019 and it will address a number of infrastructure concerns. The District will utilize the Capital Reserve that was established as well as Interfund Transfers to offset the tax impact.

Fiscal oversight requirements continue to mandate that the District to be audited on several fronts. The administration and the Board of Education continue to address issues raised by the auditors in order to make the necessary improvements to the internal controls.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Ms. Lorine VanPut-Lamerand, Washingtonville Central School District, 52 West Main St., Washingtonville, NY 10992.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 49,053,109	\$ 20,007,050
Cash - Restricted	11,868,344	12,431,167
Accounts Receivable	29,975	57,333
State And Federal Aid Receivable	2,271,271	1,822,273
Due From Other Governments	1,070,174	1,034,451
Due From Other Governments – Moffat Library	520,000	-
Inventory	<u>22,416</u>	<u>35,236</u>
Total Current Assets	<u>64,835,289</u>	<u>35,387,510</u>
Non-Current Assets		
Due From Other Governments – Moffat Library	6,000,000	-
Net Pension Asset	1,647,642	-
Capital Assets	98,227,955	80,982,230
Less: Accumulated Depreciation	<u>(28,553,552)</u>	<u>(28,085,407)</u>
Total Non-Current Assets	<u>77,322,045</u>	<u>52,896,823</u>
TOTAL ASSETS	<u>142,157,334</u>	<u>88,284,333</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	24,691,251	25,209,384
Total OPEB Liability	4,967,957	-
Deferred Charge on Refunding, Net	<u>-</u>	<u>148,001</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>29,659,208</u>	<u>25,357,385</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Accounts Payable	\$ 3,249,823	\$ 411,170
Accrued Liabilities	514,093	248,438
Bond Anticipation Notes	41,200,000	-
Due To Other Governments	327,736	296,657
Due To Other Funds	2,135	-
Due To TRS	3,548,473	4,317,616
Due To ERS	352,035	378,916
Unearned Revenues	32,998	31,165
Compensated Absences	<u>-</u>	<u>166,227</u>
Total Current Liabilities	<u>49,227,293</u>	<u>5,850,189</u>
Non-Current Liabilities:		
Due Within One Year		
Serial Bonds	2,774,493	2,050,000
Energy Performance Contract	361,360	355,284
Net OPEB Obligation	-	5,000,000
Total OPEB Liability	5,000,000	-
Due Beyond One Year		
Serial Bonds	18,785,000	14,165,000
Energy Performance Contract	741,365	1,102,725
Net OPEB Obligation	-	121,510,383
Total OPEB Liability	231,850,550	-
Compensated Absences	6,230,499	3,338,678
Net Pension Liability	<u>864,921</u>	<u>4,927,190</u>
Total Non-Current Liabilities	<u>266,608,188</u>	<u>152,449,260</u>
TOTAL LIABILITIES	<u>315,835,481</u>	<u>158,299,449</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	7,324,254	1,216,341
Total OPEB Liability	<u>28,713,833</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>36,038,087</u>	<u>1,216,341</u>
NET POSITION		
Net Investment In Capital Assets	35,301,201	35,223,814
Restricted	11,868,344	12,431,167
Unrestricted	<u>(233,756,973)</u>	<u>(93,529,053)</u>
TOTAL NET POSITION	<u>\$ (180,057,026)</u>	<u>\$ (45,874,072)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2017)

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANT	2018	2017
FUNCTIONS AND PROGRAMS:						
General Support	\$ 9,830,542	\$ 28,395	\$ -	\$ -	\$ (9,802,147)	\$ (10,105,787)
Instruction	79,738,455	341,085	2,272,493	-	(77,124,877)	(71,573,623)
Pupil Transportation	7,139,444	22,220	129,625	-	(6,987,599)	(6,919,633)
School Lunch Program	1,681,780	926,401	649,235	-	(106,144)	17,210
Debt Service	854,186	-	-	-	(854,186)	(5,703,306)
Unallocated Depreciation	<u>2,007,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,007,169)</u>	<u>(1,974,267)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>101,251,576</u>	<u>1,318,101</u>	<u>3,051,353</u>	<u>-</u>	<u>(96,882,122)</u>	<u>(96,259,406)</u>
GENERAL REVENUES						
Real Property Taxes					48,097,681	47,174,003
Other Tax Items					6,278,400	6,722,136
Investment Earnings					452,176	259,110
Sale Of Property And Compensation For Loss					160,688	109,612
Miscellaneous Local Sources					705,718	835,984
Premium On Obligations					514,890	-
State Sources					32,431,884	31,275,780
Federal Sources					<u>102,261</u>	<u>129,832</u>
TOTAL GENERAL REVENUES					<u>88,743,698</u>	<u>86,506,457</u>
CHANGE IN NET POSITION					(8,138,424)	(9,752,949)
TOTAL NET POSITION – Beginning Of Year (Restated)					<u>(171,918,602)</u>	<u>(36,121,123)</u>
TOTAL NET POSITION – End Of Year					<u>\$ (180,057,026)</u>	<u>\$ (45,874,072)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

		<u>I</u>	<u>NON-MAJOR</u>					
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>SCHOOL</u>	<u>CAPITAL</u>	<u>DEBT</u>	<u>TOTAL</u>	<u>2017</u>	
		<u>AID</u>	<u>LUNCH</u>	<u>PROJECTS</u>	<u>SERVICE</u>	<u>GOVERNMENTAL</u>	<u>TOTAL</u>	
						<u>FUNDS</u>		
ASSETS								
Cash	\$ 20,458,179	\$ 110,652	\$ 117,776	\$ 26,195,695	\$ 2,170,807	\$ 49,053,109	\$ 20,007,050	
Cash - Restricted	11,868,344	-	-	-	-	11,868,344	12,431,167	
Accounts Receivable	26,902	-	3,073	-	-	29,975	57,333	
Due From Other Funds	1,102,777	-	51,249	2,900,000	514,890	4,568,916	3,690,387	
State And Federal Aid Receivable	1,294,045	933,075	44,151	-	-	2,271,271	1,822,273	
Due From Other Governments	1,070,174	-	-	-	-	1,070,174	1,034,451	
Inventories	-	-	22,416	-	-	22,416	35,236	
	<u>\$ 35,820,421</u>	<u>\$ 1,043,727</u>	<u>\$ 238,665</u>	<u>\$ 29,095,695</u>	<u>\$ 2,685,697</u>	<u>\$ 68,884,205</u>	<u>\$ 39,077,897</u>	
TOTAL ASSETS								

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 528,070	\$ 2,703	\$ 2,450	\$ 2,716,600	\$ -	\$ 3,249,823	\$ 411,170
Accrued Liabilities	321,800	-	83	-	-	321,883	67,408
BAN's Payable	-	-	-	41,200,000	-	41,200,000	-
Due To Other Governments	327,247	-	489	-	-	327,736	296,657
Due To Other Funds	2,953,384	-	61,753	514,890	-	4,571,051	3,690,387
Due To Teachers' Retirement System	3,548,473	1,041,024	-	-	-	3,548,473	4,317,616
Due To Employees' Retirement System	352,035	-	-	-	-	352,035	378,916
Compensated Absences	-	-	-	-	-	-	166,227
Unearned Revenues	-	-	32,998	-	-	32,998	31,165
TOTAL LIABILITIES	<u>8,031,009</u>	<u>1,043,727</u>	<u>97,773</u>	<u>44,431,490</u>	<u>-</u>	<u>53,603,999</u>	<u>9,359,546</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	22,416	-	-	22,416	35,236
Restricted:							
Tax Certiorari	623,191	-	-	-	-	623,191	656,915
Unemployment Insurance	541,892	-	-	-	-	541,892	931,644
Workers' Compensation	1,944,655	-	-	-	-	1,944,655	1,725,673
Employee Benefit Accrued Liability	3,211,474	-	-	-	-	3,211,474	3,327,982
Capital	-	-	-	-	-	-	500,000
Retirement Contribution	4,568,484	-	-	-	-	4,568,484	4,320,954
Liability	359,790	-	-	-	-	359,790	355,875
Insurance	618,858	-	-	-	-	618,858	612,124
Assigned:							
Encumbrances	2,700,175	-	-	-	-	2,700,175	2,910,294
Appropriated	5,900,000	-	-	-	-	5,900,000	5,360,000
Unappropriated	-	-	118,476	2,867	2,685,697	2,807,040	2,260,622
Unassigned	7,320,893	-	-	(15,338,662)	-	(8,017,769)	6,721,032
TOTAL FUND BALANCES	<u>27,789,412</u>	<u>-</u>	<u>140,892</u>	<u>(15,335,795)</u>	<u>2,685,697</u>	<u>15,280,206</u>	<u>29,718,351</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,820,421</u>	<u>\$ 1,043,727</u>	<u>\$ 238,665</u>	<u>\$ 29,095,695</u>	<u>\$ 2,685,697</u>	<u>\$ 68,884,205</u>	<u>\$ 39,077,897</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
Total Governmental Fund Balances	\$ 15,280,206	\$ 29,718,351
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2018 are \$98,227,955 and \$28,553,552, respectively.</p>	69,674,403	52,896,823
<p>Refunding bond issuance costs are reported in the governmental funds as expenditures when paid. In the statement of net position, the costs in excess of the debt refunded are capitalized and amortized over the life of the bonds. Deferred refunding bond costs and accumulated amortization at June 30, 2018 are \$0 and \$0, respectively. (See Note 15)</p>	-	148,001
<p>Long-Term receivables are not due and payable in the current period and, therefore, are not reported in the governmental fund.</p>		
Due From Moffet Library	6,520,000	-
<p>Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.</p>		
<p>Net Pension Asset 1,647,642 Deferred Outflows of Resources 24,691,251 Deferred Inflows of Resources (864,921) Net Pension Liability <u>(7,324,254)</u></p>	18,149,718	19,065,853
<p>Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.</p>		
<p>Deferred Outflows of Resources 4,967,957 Deferred Inflows of Resources (28,713,833) Total OPEB Liability <u>(236,850,550)</u></p>	(260,596,426)	-
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
<p>Serial Bonds (21,559,493) Energy Performance Contract (1,102,725) Compensated Absences (6,230,499) Net OPEB Obligation <u>-</u></p>	(28,892,717)	(147,522,070)
<p>Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.</p>	<u>(192,210)</u>	<u>(181,030)</u>
Net Position Of Governmental Activities	<u>\$ (180,057,026)</u>	<u>\$ (45,874,072)</u>
SEE ACCOMPANYING NOTES AND AUDITORS' OPINION		

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	I NON-MAJOR I DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
REVENUES							
Real Property Taxes	\$ 48,097,681	\$ -	\$ -	\$ -	\$ -	\$ 48,097,681	\$ 47,174,003
Other Tax Items	6,278,400	-	-	-	-	6,278,400	6,722,136
Charges For Services	964,300	-	-	-	-	964,300	238,367
Use Of Money And Property	499,321	-	-	-	3,470	502,791	304,405
Sale Of Property And Compensation For Loss	160,688	-	-	-	-	160,688	110,872
Miscellaneous Local Sources	712,694	-	65,395	-	-	778,089	912,352
State Sources	32,431,884	864,827	23,160	-	-	33,319,871	32,184,150
Federal Sources	102,261	1,528,115	626,075	-	-	2,256,451	2,398,958
Sales	-	-	863,206	-	-	863,206	874,479
TOTAL REVENUES	89,247,229	2,392,942	1,577,836	-	3,470	93,221,477	90,919,722
OTHER SOURCES							
Interfund Transfers In	71,353	145,113	51,249	3,400,000	-	3,667,715	6,908,414
Proceeds Of Long-Term Debt	-	-	-	874,493	-	874,493	825,000
Premium On Obligations	-	-	-	-	514,890	514,890	-
TOTAL REVENUES AND OTHER SOURCES	89,318,582	2,538,055	1,629,085	4,274,493	518,360	98,278,575	98,653,136
EXPENDITURES							
General Support	7,363,779	-	-	-	-	7,363,779	7,141,597
Instruction	46,101,943	2,101,641	-	-	-	48,203,584	47,522,573
Pupil Transportation	5,199,448	162,031	-	-	-	5,361,479	5,030,132
Employees Benefits	23,899,504	274,383	207,081	-	-	24,380,968	23,092,134
Debt Services:							
Principal	2,805,284	-	-	-	-	2,805,284	2,484,311
Interest	1,066,221	-	-	-	-	1,066,221	619,058
Cost Of Sales	-	-	1,343,091	-	-	1,343,091	1,365,773
Capital Outlay	-	-	-	18,524,599	-	18,524,599	6,802,516
TOTAL EXPENDITURES	86,436,179	2,538,055	1,550,172	18,524,599	-	109,049,005	94,058,094
OTHER USES							
Interfund Transfers Out	3,596,362	-	-	71,353	-	3,667,715	6,908,414
TOTAL EXPENDITURES AND OTHER USES	90,032,541	2,538,055	1,550,172	18,595,952	-	112,716,720	100,966,508
NET CHANGE IN FUND BALANCES	(713,959)	-	78,913	(14,321,459)	518,360	(14,438,145)	(2,313,372)
FUND BALANCE – Beginning Of Year	28,503,371	-	61,979	(1,014,336)	2,167,337	29,718,351	32,031,723
FUND BALANCE – End Of Year	\$ 27,789,412	\$ -	\$ 140,892	\$(15,335,795)	\$ 2,685,697	\$ 15,280,206	\$ 29,718,351

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (14,438,145)	\$ (2,313,372)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, on 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 outlays exceeded depreciation in the current fiscal year.

Depreciation Expenses	(2,007,169)		
Capital Outlay	<u>18,784,749</u>	16,777,580	5,125,778

Refunding bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are refunded. However, on the statement of activities, the costs in excess of the debt refunded are capitalized and amortized over the life of the bonds. (See Note 15)

Amortization Expense		-	(12,333)
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Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds	2,050,000		
Energy Performance Contract	<u>355,284</u>	2,405,284	2,484,311

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

Compensated Absences	(2,891,821)		
Net OPEB Obligation	<u>-</u>	(2,891,821)	(13,704,589)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

(Continued)

	<u>2018</u>	<u>2017</u>
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.	\$ -	\$ (1,260)
Proceeds of long term debt are reported as revenues in the governmental funds. In the statement of net position, the proceeds increase the liability and no revenue is reported in the statement of activities.		
Serial Bonds	(874,493)	(825,000)
(Increases) decreases in proportionate share of the net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System	(953,846)	
Employees' Retirement System	<u>37,711</u>	(516,788)
(Increases) decreases in total OPEB liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Total OPEB Liability	(8,189,514)	-
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(192,210)	
Prior Year Accrued Interest	<u>181,030</u>	<u>10,304</u>
Change in Net Position of Governmental Activities	<u>\$ 8,138,424</u>	<u>\$ (9,752,949)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUND</u>
ASSETS		
Cash And Cash Equivalents	\$ 5,263	\$ 226,580
Due From Governmental Funds	<u> -</u>	<u> 2,135</u>
TOTAL ASSETS	<u> 5,263</u>	<u>\$ 228,715</u>
LIABILITIES		
Extraclassroom Activity Balances	-	\$ 130,477
Agency Liabilities	<u> -</u>	<u> 98,238</u>
TOTAL LIABILITIES	<u> -</u>	<u>\$ 228,715</u>
Reserved For Scholarships	<u><u> 5,263</u></u>	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE TRUST FUND</u>
ADDITIONS	
Gifts And Contributions	\$ 1,350
Investment Earnings	<u>10</u>
TOTAL ADDITIONS	<u>1,360</u>
DEDUCTIONS	
Scholarships Awarded	<u>500</u>
TOTAL DEDUCTIONS	<u>500</u>
Change In Net Position	860
NET POSITION – Beginning Of Year	<u>4,403</u>
NET POSITION – End Of Year	<u>\$ 5,263</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Washingtonville Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The Washingtonville Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

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 includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Washingtonville Central 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. The cash balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Washingtonville Central School District is a component school district in the Orange-Ulster Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

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

C. Basis of Presentation

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District, 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, inter-governmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity and for each function of the District's governmental activities.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

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

The District reports the following major Governmental Funds:

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

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

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.
3. Capital Projects Fund – used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Fund:

a. *Debt Service Fund*

Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the 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 District, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Fund

These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency Fund

These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D. **Basis of Accounting/Measurement Focus**

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On 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.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year 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.

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Orange. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1st.

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:
 - I. General Fund
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

Interfund Transfers	\$ 2,900,000
Instruction	<u>85,438</u>
	<u>\$ 2,985,438</u>

2. Encumbrances

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

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments with maturities of three months or less as cash equivalents.

H. Inventory

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost or, in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. **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 since it is believed that such allowance would be immaterial.

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$500.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
School Buildings	50
Site Improvements	20-50
Furniture & Equipment	5-10
Vehicles	10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

K. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. **Vested Employee Benefits**

The District employees are granted vacation 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. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

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 District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the 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 District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities/business type activities and fiduciary 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.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classifications

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

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

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

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

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

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

Non-spendable – includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$22,416.

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

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Workers' Compensation

This reserve is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employee Retirement System. This reserve is accounted for in the General Fund.

Insurance

Used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance).

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Liability

Used to pay for liability claims incurred. This reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2018.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$2,700,175 as assigned fund balance in the General Fund as of June 30, 2018.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. **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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018, the District implemented the following new standards issued by GASB:

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

GASB 81 – Irrevocable Split-Interest Agreements.

GASB 85 – Omnibus 2017

GASB 86 – Certain Debt Extinguishment Issues

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 83 – Certain Asset Retirement Obligations, effective for the year ending June 30, 2019.

GASB 84 – Fiduciary Activities, effective for the year ending June 30, 2020.

GASB 87 – Leases, effective for the year ending June 30, 2021.

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$24,691,251 in deferred outflows of resources related to pensions and \$4,967,957 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$7,324,254 in deferred inflows of resources related to pensions and \$28,713,833 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$18,149,718 to unrestricted net position as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of \$260,596,426 to unrestricted net position as of June 30, 2018.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

The Capital Projects Fund had a deficit unassigned fund balance of \$15,338,662 as of June 30, 2018. The deficit was caused by project costs in excess of available funding and the accounting treatment of bond anticipation notes, and will be eliminated when permanent financing is put in place.

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

1. Long-term revenue differences:

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)

2. Capital related differences:

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

3. Long-term debt transaction differences:

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

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2018, the Washingtonville Central School District was billed \$10,204,734 for BOCES administrative and program costs. The District's share of BOCES income amounted to \$1,939,686. General purpose financial statements for the BOCES are available from the BOCES administrative office.

NOTE 5 – CASH AND INVESTMENTS

The Washingtonville Central School District investment policies are governed by State statutes. In addition the District has its own written investment policy. Washingtonville Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name. \$ 39,232,528

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 6,891,876	\$ -	\$ -	\$ 6,891,876
Construction In Progress	<u>7,775,080</u>	<u>17,650,106</u>	<u>-</u>	<u>25,425,186</u>
Total non-depreciable historical cost	<u>14,666,956</u>	<u>17,650,106</u>	<u>-</u>	<u>32,317,062</u>
Capital assets that are depreciated:				
Building and Improvements	54,983,800	-	-	54,983,800
Machinery and Equipment	3,669,876	260,150	795,292	3,134,734
Vehicles	<u>7,661,598</u>	<u>874,493</u>	<u>743,732</u>	<u>7,792,359</u>
Total depreciable historical cost	<u>66,315,274</u>	<u>1,134,643</u>	<u>1,539,024</u>	<u>65,910,893</u>
Less accumulated depreciation:				
Building and Improvements	21,430,067	1,198,865	-	22,628,932
Machinery and Equipment	2,584,225	242,151	795,292	2,031,084
Vehicles	<u>4,071,115</u>	<u>566,153</u>	<u>743,732</u>	<u>3,893,536</u>
Total Accumulated Depreciation	<u>28,085,407</u>	<u>2,007,169</u>	<u>1,539,024</u>	<u>28,553,552</u>
Total historical cost, net	<u>\$ 52,896,823</u>	<u>\$ 16,777,580</u>	<u>\$ -</u>	<u>\$ 69,674,403</u>
Depreciation expense was charged to Governmental functions as follows:				
Unallocated		<u>\$ 2,007,169</u>		

NOTE 7 – INTERFUND TRANSACTIONS

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	\$ 1,102,777	\$ 2,953,384	\$ 71,353	\$ 3,596,362
Special Aid Fund	-	1,041,024	145,113	-
Capital Fund	2,900,000	514,890	3,400,000	71,353
School Lunch Fund	51,249	61,753	51,249	-
Debt Service Fund	<u>514,890</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>4,568,916</u>	<u>4,571,051</u>	<u>3,667,715</u>	<u>3,667,715</u>
Agency Fund	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Fund	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 4,571,051</u>	<u>\$ 4,571,051</u>	<u>\$ 3,667,715</u>	<u>\$ 3,667,715</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments, to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants, to the School Lunch Fund to subsidize food service activities, and to the Capital Projects Fund to finance ongoing projects.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2018 consisted of the following:

Food & Supplies	\$ <u>22,416</u>
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NOTE 9 - LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

The Washingtonville Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The New York State TRS issued a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL).

The system issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.80% of the annually covered payroll for the fiscal year ended June 30, 2018. Rates applicable to the fiscal years ended June 30, 2017 and 2016, were respectively 11.72% and 13.26%.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

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

	<u>ERS</u>	<u>TRS</u>
2018	\$ 1,207,465	\$ 3,347,422
2017	1,142,461	4,109,966
2016	1,404,132	4,572,292

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 803,721
Less: Interest Accrued in the Prior Year	(181,030)
Interest Attributable to Library Bond	(223,215)
Plus: Interest Accrued in the Current Year	<u>179,747</u>
 Total Expense	 <u>\$ 579,223</u>

b. Changes

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

	<u>BALANCE</u> <u>07/01/17</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/18</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds	\$ 16,215,000	\$ 7,794,493	\$ 2,450,000	\$ 21,559,493	\$ 2,774,493
Energy Performance Contract	1,458,009	-	355,284	1,102,725	361,360
Compensated Absences	3,338,678	2,891,821	-	6,230,499	-
Total OPEB Liability (Restated)	<u>257,058,540</u>	<u>17,841,620</u>	<u>38,049,610</u>	<u>236,850,550</u>	<u>5,000,000</u>
 TOTAL	 <u>\$ 257,070,227</u>	 <u>\$ 28,527,934</u>	 <u>\$ 40,854,894</u>	 <u>\$ 265,743,267</u>	 <u>\$ 8,135,853</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/18</u>
Buses	2016	2020	3.00%	\$ 350,000
Buses	2017	2022	1.0-2.0%	675,000
Buses	2014	2019	0.75-2.20%	175,000
Buses	2018	2022	2.5-2.625%	874,493
Refunding	2014	2019	0.5-2.25%	405,000
Refunding	2012	2022	2.0-2.375%	430,000
Refunding	2014	2029	2.0-5.00%	7,880,000
Districtwide	2007	2023	3.25-3.75%	2,030,000
Reconstruction	2009	2024	2.5-4.00%	2,220,000
Library Bond	2017	2031	2.0-5.0%	<u>6,520,000</u>
Total Bonds				21,559,493
Energy Performance Contract	2005	2021	1.70%	<u>1,102,725</u>
TOTAL				<u>\$ 22,662,218</u>

The following is a summary of maturing debt service requirements.

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 3,135,853	\$ 787,966
2020	3,057,540	622,452
2021	2,753,825	586,268
2022	2,475,000	480,607
2023	2,250,000	379,453
2024-2028	6,385,000	869,100
2029-2031	<u>2,605,000</u>	<u>121,925</u>
TOTAL	<u>\$ 22,662,218</u>	<u>\$ 3,847,771</u>

2. Short-Term Debt

The following is a summary of the bond anticipation note activity for the year ended June 30, 2018:

<u>DESCRIPTION</u>	<u>RATE</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Capital Projects	2.50%	\$ -	\$ 21,000,000	\$ 21,000,000	\$ -
Capital Projects	2.75%	-	41,200,000	-	41,200,000
		<u>\$ -</u>	<u>\$ 62,200,000</u>	<u>\$ 21,000,000</u>	<u>\$ 41,200,000</u>

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

Interest expense on short term debt consisted of the following:

Interest Paid	\$ 262,500
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	<u>12,463</u>
 TOTAL EXPENSE	 <u>\$ 274,963</u>

3. Library Bond

On August 8, 2017, the District issued \$6,920,000 in serial bonds for renovations and additions to the Moffat Library of Washingtonville. The proceeds of the bonds were used to redeem \$6,500,000 in bond anticipation notes issued on August 11, 2016, and provide an additional \$420,000 for construction on the Library. The net proceeds of the bonds were turned over to the Library. The District is required to issue the bonds in its name and furnish the proceeds to the Library in accordance with Section 260 of Education Law. The Library is required to include in its budget a sufficient amount to reimburse the District for all principal and interest payments on the bonds. The bonds bear interest at 2.00%-5.00%, with principal payments due annually on June 15th and interest payments due semi-annually on June 15th and December 15th until maturity on June 15, 2031.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The Washingtonville Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. Tax Certiorari Proceedings

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements. However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

C. **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 request a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

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

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. The benefit terms vary based on the union contract that governs the employee and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Employees hired at various dates after July 1, 2012, depending on the bargaining unit, are required to contribute towards their health insurance on a sliding scale from 30% if they retire at 15 years with the District to 0% if they retire after 30 years with the District. The District contributes the full cost of benefits for all other retirees. Upon the death of a retiree, the surviving spouse will contribute 100% of the premium.

Employees Covered by Benefit Terms – At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	380
Active Employees	<u>654</u>
	<u>1,034</u>

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability of \$236,850,550 was measured as of June 30, 2017, using an actuarial valuation as of July 1, 2016.

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

Measurement Date	June 30, 2017
Investment Rate of Return	2.85%
Single Discount Rate	3.58%
Initial Healthcare Cost Trend Rate	8.68%
Ultimate Healthcare Cost Trend Rate	4.50%

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

Health care claims were based upon claims experience for the period January 1, 2013 through December 31, 2015.

Mortality rates were based on the RP-2014 Headcount Weighted Mortality Table projected generationally with MP-2016 from the central year.

Changes in the Total OPEB Liability

Balance at June 30, 2017		\$ 257,058,540
Changes for the Year -		
Service Cost	10,288,062	
Interest	7,553,558	
Changes of Benefit Terms	-	
Differences between expended and actual experience	-	
Changes in assumptions or other inputs	(33,397,982)	
Benefit Payments	<u>(4,651,628)</u>	
Net Changes		<u>(20,207,990)</u>
Balance at June 30, 2018		<u>\$ 236,850,550</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1 – percentage point higher (4.58%) than the current discount rate:

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

	1% Decrease (2.58%)	Current Assumption (3.58%)	1% Increase (4.58%)
Total OPEB Liability	<u>\$ 284,272,817</u>	<u>\$ 236,850,550</u>	<u>\$ 199,903,137</u>

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

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	<u>\$ 195,030,806</u>	<u>\$ 236,850,550</u>	<u>\$ 291,988,194</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$13,157,471. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	28,713,833
Contributions subsequent to the measurement date	<u>4,967,957</u>	<u>-</u>
Total	<u>\$ 4,967,957</u>	<u>\$ 28,713,833</u>

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

2019	\$ (4,684,149)
2020	(4,684,149)
2021	(4,684,149)
2022	(4,684,149)
2023	(4,684,149)
Thereafter	<u>(5,293,088)</u>
TOTAL	<u>\$ (28,713,833)</u>

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees’ Retirement System (ERS) and the New York State Teachers’ Retirement (TRS) are included in Note 9-A to the financial statements.

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

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

The District’s proportion of the net pension asset/(liability) was based on a projection of the District’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	\$ (864,921)	\$ 1,647,642
District’s portion of the Plan’s total net pension asset/(liability)	0.0267989%	0.21676%

For the year ended June 30, 2018, the District recognized pension expense of \$1,169,743 for ERS and \$4,217,434 for TRS. At June 30, 2018, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 308,489	\$ 1,355,604	\$ 254,924	\$ 642,397
Changes of assumptions	573,514	16,765,077	-	-
Net difference between projected and actual earnings on pension plan investments	1,256,229	-	2,479,670	3,880,673
Changes in proportion and differences between the District's contributions and proportionate share of contributions	352,308	380,583	66,590	-
District's contributions subsequent to the measurement date	<u>352,025</u>	<u>3,347,422</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,842,565</u>	<u>\$ 21,848,686</u>	<u>\$ 2,801,184</u>	<u>\$ 4,523,070</u>

District contributions subsequent to the measurement date of \$3,347,422 to TRS and \$352,025 to ERS will be recognized as a reduction of the net pension liability in the year 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:

	<u>ERS</u>	<u>TRS</u>
2018	\$ -	\$ 456,350
2019	309,252	4,510,592
2020	217,717	3,249,199
2021	(575,919)	863,044
2022	(261,694)	3,239,965
2023	-	-
Thereafter	<u>-</u>	<u>1,659,044</u>
TOTAL	<u>\$ (310,644)</u>	<u>\$ 13,978,194</u>

Actuarial Assumptions

The total pension liability as of the measurement date was measured 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 valuations used the following significant actuarial assumptions:

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience	July 1, 2009-June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%

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

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Asset Type:		
Domestic Equity	4.55%	5.9%
International Equity	6.35	7.4
Real Estate	5.55	4.3
Alternative Investments	3.75-5.68	-
Domestic fixed income securities	-	1.6
Global fixed income securities	-	1.3
Bonds and Mortgages	1.31	2.8
Short-term	1.00	0.6
Private Equities	7.50	9.0
High Yield Fixed Income Securities	-	3.9

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00% for ERS and 6.25% for TRS) or 1-percentage point higher (8.00% for ERS and 8.25% for TRS) than the current rate:

<u>ERS</u>	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (6,544,223)	\$ (864,921)	\$ 3,939,542
 <u>TRS</u>	 1% Decrease <u>(6.25%)</u>	 Current Assumption <u>(7.25%)</u>	 1% Increase <u>(8.25%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (28,383,989)	\$ 1,647,642	\$ 26,797,642

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (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:

Valuation date	<u>ERS (in thousands)</u> April 1, 2017	<u>TRS</u> June 30, 2016
Employers' total pension liability	\$ (183,400,590)	\$ (114,708,261,032)
Plan Net Position	<u>180,173,145</u>	<u>115,468,360,316</u>
Employer's net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099,284</u>
 Ration of plan net position to the Employer's total pension asset/(liability)	 98.24%	 100.66%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$352,035.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November 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 \$3,548,473.

NOTE 13 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Orange Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2018, the District received \$46,670 in tax abatement payments, which resulted in abated property taxes totaling \$12,647.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 14—EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2018 and September 18, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the Statement requires the District to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation of the Statement also requires the District to report a deferred outflow and/or inflow of resources for the effect of the differences between expected and actual experience and changes in assumptions.

For the year ended June 30, 2018, the District implemented GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of the Statement eliminates the requirement to capitalize and amortize the difference between the reacquisition price and the net carrying value of defeased debt when refunding bonds. Under the new Statement, that difference is recognized as a gain or loss in the year in which the bonds are refunded.

As a result of the implementation of the new Statements, the District’s net position has been restated as follows:

Net position beginning of year, as previously stated	\$ (45,874,072)
GASB Statement No. 75 implementation:	
Beginning Total OPEB Liability (GASB 75)	(257,058,540)
Contributions Subsequent to the Measurement Date (GASB 75)	4,651,628
Eliminate Net OPEB Obligation (GASB 45)	126,510,383
GASB Statement No. 86 implementation:	
Eliminate Deferred Charge on Refunding, net	<u>(148,001)</u>
Net position beginning of year, as restated	<u>\$ (171,918,602)</u>

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
 OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2017)

REVENUES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
Local Sources:					
Real Property Taxes	\$ 47,329,259	\$ 47,329,259	\$ 48,097,681	\$ 768,422	\$ 47,174,003
Other Tax Items	7,040,141	7,040,141	6,278,400	(761,741)	6,722,136
Charges For Services	945,000	945,000	964,300	19,300	238,367
Use Of Money And Property	207,000	207,000	499,321	292,321	300,945
Sale Of Property And Compensation For Loss	21,000	21,000	160,688	139,688	110,872
Miscellaneous Local Sources	342,000	350,938	712,694	361,756	844,987
State Sources:					
Basic Formula	23,127,268	23,127,268	24,556,423	1,429,155	23,152,126
Lottery Aid	5,200,000	5,200,000	5,372,576	172,576	5,467,089
BOCES	2,059,000	2,059,000	1,939,686	(119,314)	2,200,316
Other	492,250	568,750	563,199	(5,551)	456,249
Federal Sources	169,000	169,000	102,261	(66,739)	129,832
TOTAL REVENUES	86,931,918	87,017,356	89,247,229	2,229,873	86,796,922
OTHER FINANCING SOURCES					
Interfund Transfers	-	-	71,353	71,353	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	86,931,918	87,017,356	89,318,582	\$ 2,301,226	86,796,922
FUND BALANCE					
Appropriated Fund Balance	5,360,000	8,260,000			
Appropriated Reserves	-	500,000			
Prior Year Encumbrances	-	2,910,294			
TOTAL FUND BALANCE	5,360,000	11,670,294			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	\$ 92,291,918	\$ 98,687,650			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
 OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2017)

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNENCUMBERED BALANCES	2017 ACTUALS
General Support:						
Board of Education	\$ 48,300	\$ 50,391	\$ 25,274	\$ 13,383	\$ 11,734	\$ 24,811
Central Administration	294,716	289,522	282,978	100	6,444	260,418
Finance	702,094	708,897	663,368	3,949	41,580	550,781
Staff	577,746	606,738	501,662	52,960	52,116	494,389
Central Services	5,553,617	6,895,340	4,868,373	1,360,909	666,058	4,810,826
Special Items	1,034,084	1,070,202	1,022,124	4,414	43,664	1,000,372
Instructional:						
Instruction, Administration And Improvement	4,043,069	4,252,669	3,964,543	57,510	230,616	3,819,834
Teaching:						
Regular School	26,074,490	25,728,628	23,570,325	350,483	1,807,820	23,982,602
Programs For Children With Handicapped						
Conditions	12,753,075	12,512,751	11,724,790	218,417	569,544	10,807,619
Occupational Education	1,569,700	1,569,700	1,493,852	-	75,848	1,418,064
Special Schools	158,097	160,897	125,803	-	35,094	105,683
Instructional Media	1,077,331	1,607,034	1,344,636	175,790	86,608	1,469,727
Pupil Services	4,201,857	4,306,533	3,877,994	56,978	371,561	3,755,594
Pupil Transportation	5,336,375	6,194,744	5,199,448	370,270	625,026	4,878,489
Employee Benefits	25,067,485	25,197,222	23,899,504	35,012	1,262,706	22,586,173
Debt Service:						
Principal	2,805,285	2,805,284	2,805,284	-	1	2,484,311
Interest	719,597	1,066,223	1,066,221	-	2	619,058
TOTAL EXPENDITURES	92,016,918	95,022,776	86,436,179	2,700,175	5,886,422	83,068,751
OTHER USES						
Interfund Transfers Out	275,000	3,664,874	3,596,362	-	68,512	6,908,414
TOTAL EXPENDITURES AND OTHER USES	\$ 92,291,918	\$ 98,687,650	90,032,541	\$ 2,700,175	\$ 5,954,934	89,977,165
NET CHANGE IN FUND BALANCE			(713,959)			(3,180,243)
FUND BALANCE – Beginning Of Year			28,503,371			31,683,614
FUND BALANCE – End Of Year			\$ 27,789,412			\$ 28,503,371

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
 YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Service Cost	\$ 10,288,062
Interest	7,553,558
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(33,397,982)
Benefit Payments	<u>(4,651,628)</u>
Net Change in Total OPEB Liability	(20,207,990)
Beginning Total OPEB Liability	<u>257,058,540</u>
Ending Total OPEB Liability	<u>\$ 236,850,550</u>
Covered Employee Payroll	<u>\$ 39,137,655</u>
Total OPEB Liability as a Percentage of Covered Payroll	605.17%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2016 Measurement Date:	2.85%
June 30, 2017 Measurement Date:	3.58%

The Actuarial Cost Method was changed to Entry Age Normal Level Percentage of Payroll to be consistent with the GASB 75 requirements.

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
 YEAR ENDED JUNE 30, 2018

TRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.216767%	0.2220%	0.223%	0.224%
The District's proportionate share of the net pension asset (liability)	\$ 1,647,642	\$ (2,359,304)	\$ 23,185,564	\$ 24,944,101
The District's covered employee payroll	35,067,968	34,481,842	33,530,724	33,137,674
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	4.70%	6.84%	69.15%	75.27%
Plan Fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.267989%	0.0273%	0.0285%	0.0298%
The District's proportionate share of the net pension liability	\$ (864,921)	\$ (2,567,886)	\$ (4,581,293)	\$ (1,007,110)
The District's covered employee payroll	8,166,663	8,177,417	8,016,964	8,000,000
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	10.59%	31.40%	57.15%	12.59%
Plan Fiduciary net position as a percentage of the total pension liability	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2018

TRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 3,347,422	\$ 4,109,966	\$ 4,572,292	\$ 5,877,935	\$ 4,148,663	\$ 3,855,159	N/A	N/A	N/A	N/A
Contribution in relation to the contractually required contribution	<u>3,347,422</u>	<u>4,109,966</u>	<u>4,572,292</u>	<u>5,877,935</u>	<u>4,148,663</u>	<u>3,855,159</u>	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 1,207,465	\$ 1,142,461	\$ 1,404,132	\$ 1,683,524	\$ 1,418,945	\$ 1,431,548	N/A	N/A	N/A	N/A
Contribution in relation to the contractually required contribution	<u>1,207,465</u>	<u>1,142,461</u>	<u>1,404,132</u>	<u>1,683,524</u>	<u>1,418,945</u>	<u>1,431,548</u>	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	14.79%	13.97%	17.51%	21.04%	N/A	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2018

ADOPTED BUDGET	\$ 92,291,918
ADDITIONS:	
Encumbrances From Prior Year	2,910,294
Appropriated Reserves	500,000
Supplemental Appropriations	<u>2,985,438</u>
FINAL BUDGET	<u>\$ 98,687,650</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 REAL PROPERTY TAX LIMIT
 YEAR ENDED JUNE 30, 2018

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2018-2019 Voter Approved Expenditure Budget		\$ <u>99,229,191</u>
Maximum allowed (4% of Budget)		\$ <u>3,969,168</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 8,600,175	
Unassigned Fund Balance	<u>7,320,893</u>	
Total Unrestricted Fund Balance		15,921,068
Less:		
Appropriated Fund Balance	5,900,000	
Encumbrances included in Assigned Fund Balance	<u>2,700,175</u>	
Total Adjustments		<u>8,600,175</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
		\$ <u>7,320,893</u>
Actual Percentage		7.38%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2018

PROJECT TITLE	ORIGINAL APPROPRIATIONS		REVISED APPROPRIATIONS		EXPENDITURES			METHODS OF FINANCING			FUND BALANCE JUNE 30, 2018	
					PRIOR YEARS	CURRENT YEARS	TOTAL	UNEXPENDED BALANCE	PROCEEDS OF DEBT	LOCAL SOURCES		TOTAL
High School Door Replacement	\$ 100,000	\$ 200,000	\$ 189,390	\$ -	\$ 189,390	\$ -	\$ 189,390	\$ 10,610	\$ -	\$ 192,257	\$ 192,257	\$ 2,867
Buses	1,635,000	1,635,000	1,624,536	-	1,624,536	-	1,624,536	10,464	1,415,000	201,858	1,616,858	(7,678)
Construction And Reconstruction	874,493	874,493	-	874,493	874,493	874,493	874,493	-	874,493	-	874,493	-
	59,995,174	59,995,174	7,775,080	17,650,106	25,425,186	34,569,988	34,569,988			10,094,202	10,094,202	(15,330,984)
				\$18,524,599								\$ (15,335,795)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital Assets, Net	\$ 69,674,403
Less: Outstanding Bonds	(15,039,493)
Outstanding Energy Performance Contract	(1,102,725)
Outstanding Bond Anticipation Notes	(41,200,000)
Plus: Unspent Debt Proceeds	<u>22,969,016</u>
Net Investment in Capital Assets	<u>\$ 35,301,201</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2018

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	\$ 481,886
School Breakfast Program	10.553	N/A	<u>56,659</u>
Total Child Nutrition Cluster			538,545
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>87,530</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>626,075</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title 1	84.010A	021-18-2220	479,913
Title 1	84.010A	021-17-2220	7,220
IDEA, Part B	84.027A	032-18-0675	867,697
IDEA, Pre-School	84.173A	033-18-0675	<u>34,873</u>
Total Special Education Cluster			<u>902,570</u>
Title IIA	84.367A	147-17-2220	53,835
Title IIA	84.367A	147-18-2220	<u>84,577</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,528,115</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,154,190</u>

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Washingtonville Central School District. The Washingtonville Central School District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance passed through other governmental agencies is included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's basic financial statements as follows:

Governmental Funds:	
Special Aid Fund	\$ 1,528,115
School Lunch Fund	<u>626,075</u>
 TOTAL	 <u>\$ 2,154,190</u>

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Washingtonville Central School District, New York as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Washingtonville Central School District, New York's basic financial statements and have issued our report thereon dated September 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Washingtonville Central School District, New York'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 Washingtonville Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Washingtonville Central School District, New York's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting 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 financial reporting 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, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Washingtonville Central School District, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cooper Arias" followed by the number "44".

Mongaup Valley, New York
September 18, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Washingtonville Central School District, New York's 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 Washingtonville Central School District, New York's major federal programs for the year ended June 30, 2018. The Washingtonville Central School District, New York's major federal programs are identified in the summary of auditors' 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 Washingtonville Central School District, New York'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 the 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 Washingtonville Central School District, New York'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 on the Washingtonville Central School District, New York's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Washingtonville Central School District, New York 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 Washingtonville Central School District, New York 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 Washingtonville Central School District, New York'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 Washingtonville Central School District, New York'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Washingtonville Central School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Washingtonville Central School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cooper Arias LLP".

Mongaup Valley, New York
September 18, 2018

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Washingtonville Central School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Washingtonville Central School District.
3. No instances of non-compliance material to the financial statements of the Washingtonville Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There was one significant deficiency disclosed during the audit of internal control over major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Washingtonville Central School District expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

School Lunch Program	10.555
School Breakfast Program	10.553
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Washingtonville Central School District was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Findings and Questioned Costs – Major Federal Award Programs Audit

2018-001 School Lunch Program –CFDA 10.555
School Breakfast Program – CFDA 10.553

Condition: The District’s annual verification process identified two students who were determined to be ineligible for free/reduced meals, but the status was not changed in the computer software. Additionally, the District did not retain copies of the Verification Completion and Result letters to indicate that households were informed of the results of the verification process.

Criteria: Any change in status identified during the verification process should be immediately changed in the computer software to ensure that all students are properly identified, and letters should be sent out to the households informing them of the results. The District should retain copies of the letters.

Cause: There was no second review of the verification results to ensure that any changes were properly implemented and that the verification completion letters were sent out.

Effect: Students were receiving free/reduced meals that they were not entitled to, and the District was claiming reimbursement for meals from the state and federal government that should have been paid by the students

Recommendation: We recommend that the District put procedures in place to make sure that any changes identified in the verification process are reviewed and signed off by a second official. Additionally, confirmation that the verification letters were sent out, and a copy retained, should be part of the review process.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the findings that, during the 2017-18 operating year, the free/reduced price lunch verification process sampling results were not acted upon and that the communications to applicants for free/reduced price lunches were not archived, but were admittedly deleted/destroyed at the end of the operating year.

Corrective Action Plan

The Assistant Superintendent for Business, who is charged with oversight of the School Lunch Program, will review the compliance audit findings with the School Lunch Director and provide written expectations that both findings be rectified in all future operating years.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

The Assistant Superintendent for Business and District Treasurer will be given view/print access to the Mosaic software tracking program and will periodically check whether applicants are notified in writing regarding the status of applications. The School District Technology Department will be directed to periodically provide permanent data backup of the Mosaic software tracking program to the Business Office, in order to insure that ongoing transactions and correspondence are not, again, accidentally or unwittingly deleted/destroyed.

The Assistant Superintendent will conduct an annual review, at the appropriate time, of the documentation and follow through of the annual verification process, which will include an assessment of whether the verification sampling results are entered into the Mosaic software tracking system and that disqualified applicants are notified in writing.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018

There were no audit findings in the prior year.

To The President and Board Members of
The Board of Education
Washingtonville Central School District
Washingtonville, New York

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Washingtonville Central School District as of June 30, 2018, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Washingtonville Central School District as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Washingtonville Central School District as of June 30, 2018, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Washingtonville Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Mongaup Valley, New York
September 18, 2018

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2018

ASSETS	
Cash	<u>\$ 130,477</u>
TOTAL ASSETS	<u>\$ 130,477</u>
FUND BALANCE	<u>\$ 130,447</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE-CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

ACTIVITY	CASH & FUND			CASH & FUND
	BALANCE 07/01/17	RECEIPTS	DISBURSEMENTS	BALANCE 06/30/18
Class of 2017	\$ 51	\$ -	\$ 51	\$ -
Class of 2018	2,646	22,538	24,145	1,039
Class of 2019	7,235	47,913	42,297	12,851
Class of 2020	2,019	3,740	1,860	3,899
Class of 2021	-	1,213	-	1,213
AADA	239	-	-	239
Drama Club	24,943	21,034	22,438	23,539
MS Drama Club	1,097	9,941	8,507	2,531
GSA	221	-	32	189
MS Language Club	349	-	-	349
Literary Magazine	2,910	369	1,284	1,995
HS Language Club	1,214	-	-	1,214
Math Honor Society	741	-	101	640
Memorial Park Maintenance Club	83	-	-	83
Newspaper Club	60	-	-	60
JROTC	5,769	12,486	11,319	6,937
Science Honor Society	1,594	-	-	1,594
Ski Club	37	-	-	37
MS Ski Club	325	-	325	-
National Honor Society	1,890	7,074	5,975	2,989
Yearbook	14,399	7,673	15,194	6,878
National Junior Honor Society	3,387	730	774	3,343
MS Student Council	24,889	2,454	4,381	22,962
MS Yearbook	6,041	5,600	4,115	7,526
MS Recycle Club	493	200	400	293
Student Coalition	19,268	147,998	143,307	23,959
Wizards Against Cancer	689	1,939	2,079	549
Spirit of Giving	1,519	3,326	3,098	1,747
Jr. Community Service Club	294	1,606	2,059	(159)
HS Foreign Language Honor Society	28	8,248	7,600	676
National Art Honor Society	-	11,821	10,515	1,306
TOTAL	\$ 124,430	\$ 317,903	\$ 311,856	\$ 130,477

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the Extraclassroom Activity Funds of Washingtonville School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

Account balances of inactive clubs have been transferred to the Student Council Fund.